

REPORT OF COMMISSIONER

AND

OTHER DOCUMENTS

IN CONNECTION WITH

THE ROYAL COMMISSION

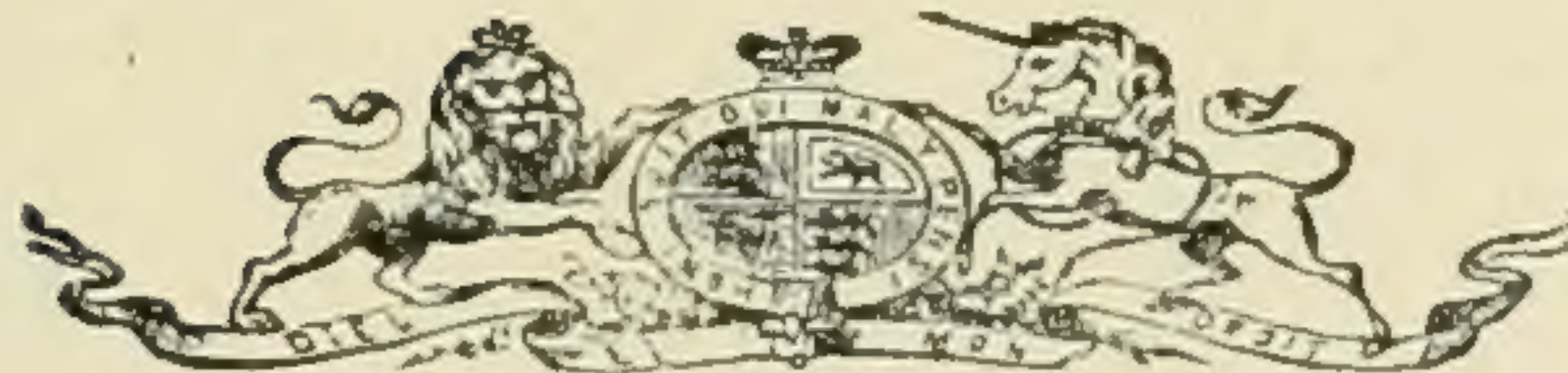
*IN RE*

THE ALLEGED COMBINATION

OF

PAPER MANUFACTURERS AND DEALERS

*PRINTED BY ORDER OF PARLIAMENT*



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST  
EXCELLENT MAJESTY

1902



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## ORDER *RE* APPOINTMENT OF COMMISSIONER

EXTRACT from a report of the Committee of the Honourable the Privy Council, approved by His Excellency on April 25, 1901.

On a report, dated April 22, 1901, from the Minister of Finance, submitting as follows :—That section 18 of chapter 16 of the Acts of 1897 ('The Customs Tariff, 1897'), enacts as follows :—

'18. Whenever the Governor in Council has reason to believe that with regard to any article of commerce there exists any trust, combination, association or agreement of any kind among manufacturers of such article or dealers therein to unduly enhance the price of such article or in any other way to unduly promote the advantage of the manufacturers or dealers at the expense of the consumers, the Governor in Council may commission or empower any judge of the Supreme Court or Exchequer Court of Canada, or of any Superior Court in any Province of Canada, to inquire in a summary way into and report to the Governor in Council whether such trust, combination, association or agreement exists.

'2. The judge may compel the attendance of witnesses and examine them under oath and require the production of books and papers, and shall have such other necessary powers as are conferred upon him by the Governor in Council for the purposes of such inquiry.

'3. If the judge reports that such trust, combination, association or agreement exists, and if it appears to the Governor in Council that such disadvantage to the consumers is facilitated by the duties of customs imposed on a like article, when imported, then the Governor in Council shall place such article on the free list, or so reduce the duty on it as to give to the public the benefit of reasonable competition in such article.'

The Minister further submits that he has received a communication (copy attached), dated at Toronto, April 10, 1901, from A. G. Macdonald, president, and John A. Cooper, secretary-treasurer of the Canadian Press Association, reporting that a combination exists among Canadian paper manufacturers, the effect of which is to unduly increase the price of news and printing paper, and that the executive of the said Association is prepared to submit witnesses and evidence in support of this statement.

That he has received a numerous deputation from the said Canadian Press Association who have urged the necessity of an inquiry under the provisions of the section above quoted.

That from the statements in the said communication of April 10, 1901, and from the representations made by the said deputation he is satisfied there is reasonable ground for such an inquiry as is contemplated by the statutes.

The Minister recommends, for these reasons, that the Governor General in Council be pleased to declare that the Governor in Council has reason to believe that with regard to news and printing paper there exists a trust, combination, association or agreement among manufacturers of such paper or dealers therein to unduly enhance the price of such paper or to unduly promote the advantage of the manufacturers or dealers at the expense of the consumers ; and that the Governor General in Council be further pleased to commission and empower the Honourable Henri Thomas Tasche-

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reau, of the City of Montreal, one of the Judges of the Superior Court of the Province of Quebec, to inquire into and to report to His Excellency in Council, under and in accordance with the provisions of section 18 of chapter 16 of the statutes of 1897, 'The Customs Tariff, 1897,' whether any such trust, combination, association or agreement exists, and to confer upon the said Honourable Henri Thomas Taschereau all the powers that may be necessary for the purposes of such inquiry.

The Committee submit the foregoing for His Excellency's approval.

(Sgd.) JOHN J. MCGEE,

*Clerk of the Privy Council.*

THE CANADIAN PRESS ASSOCIATION,

TORONTO, April 10, 1901.

Honourable W. S. Fielding, Minister of Finance,  
Ottawa.

HONOURABLE SIR,—On May 18, 1900, the Canadian Press Association, at a meeting in Toronto, discussed for the first time the Paper Makers' Association and the effects of that Association on the publishing interests. At that time the following resolution was passed :—

'That the Executive of the C. P. A. believe that a combine now exists among Canadian Paper Manufacturers, the effect of which is to unduly increase the price of news and printing paper, contrary to section 18 of the Customs Tariff Act of 1897. That this Executive is prepared to submit witnesses and evidence in support of this statement, and we, therefore, respectfully ask that the government order an investigation under section 18 and sub-sections of the Customs Tariff Act of 1897, with a view to ameliorating the existing condition.'

At the recent annual meeting of the Press Association, this resolution was reaffirmed, and is now submitted to you for the consideration of yourself and the government.

We have, &c.,

(Sgd.) A. F. MACDONALD,

President.

(Sgd.) JOHN A. COOPER,

Secretary-Treasurer.

## COMMISSION

MINTO (L.S.)

CANADA.

EDWARD THE SEVENTH, *by the Grace of God, of the United Kingdom of Great Britain and Ireland, King, Defender of the Faith, &c., &c., &c.*

To all to whom these Presents shall come, or whom the same may in anywise concern,

GREETING :—

Whereas in and by Chapter 16 of the Acts of the Parliament of Canada, passed in the sixtieth and sixty-first years of the reign of Her late Majesty Queen Victoria, entitled 'An Act to consolidate and amend the Acts respecting the Duties of Customs,' it is among other things therein enacted that whenever the Governor in Council has reason to believe that with regard to any article of commerce there exists any trust, combination, association or agreement of any kind, among manufacturers of such article or dealers therein, to unduly enhance the price of such article, or in any other way unduly promote the advantage of the manufacturers or dealers at the expense of the consumers, the Governor in Council may commission or empower any Judge of the Supreme Court or Exchequer Court of Canada, or of any Superior Court in any Province of Canada, to inquire in a summary way into and report to the Governor in Council whether such trust, combination, association or agreement exists.

And whereas, it appears from a report from Our Minister of Finance, approved by our Governor in Council, on the twenty-fifth day of April, one thousand nine hundred and one, that the Governor in Council has reason to believe that with regard to news and printing paper there exists a trust, combination, association or agreement among manufacturers of such paper or dealers therein to unduly enhance the price of such paper, or to unduly promote the advantage of the manufacturers or dealers, at the expense of the consumers, and it is expedient that inquiry under oath should be made with respect to the said matter.

Now know ye, that We, by and with the advice of Our Privy Council for Canada, do by these Presents nominate, constitute and appoint the Honourable Henri Thomas Taschereau, of the City of Montreal, one of the Judges of the Superior Court of the Province of Quebec, to be a Commissioner to inquire into and report with respect to the said allegation, and as to whether any trust, combination, association or agreement as hereinbefore mentioned exists.

And We do hereby, under the authority of the Act passed in the sixtieth and sixty-first years of the reign of Her late Majesty Queen Victoria, Chapter 16, and entitled: 'An Act to consolidate and amend the Acts respecting the Duties of Customs,' confer upon you, Our said Commissioner, the power of summoning before you any witnesses, and of requiring them to give evidence on oath, orally or in writing, or on solemn affirmation, if they are persons entitled to affirm in civil matters, and to produce such documents and things as you, Our said Commissioner, shall deem requisite to the full investigation of the matters into which you are hereby appointed to examine, inquire into and investigate. To have, hold, exercise and enjoy the said office, place and trust unto you, the said Henri Thomas Taschereau, together with the rights, powers, privileges and emoluments unto the said office, place and trust of right and by law appertaining during pleasure.

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And We do hereby require and direct you, Our said Commissioner, to report to Our Governor in Council, the result of your investigation, together with the evidence taken before you, and any opinion you may see fit to express thereon.

In testimony whereof, We have caused these Our Letters to be made Patent, and the Great Seal of Canada to be hereunto affixed : Witness—

*Our Right Trusty and Right Well-Beloved Cousin, The Right Honourable Sir Gilbert John Elliot, Earl of Minto and Viscount Melgund of Melgund, County of Forfar, in the Peerage of the United Kingdom, Baron Minto of Minto, County of Roxburgh, in the Peerage of Great Britain, Baronet of Nova Scotia, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, &c., &c., Governor General of Canada.*

At Our Government House, in Our City of Ottawa, this Twenty-fifth day of April, in the year of Our Lord one thousand nine hundred and one, and in the first year of Our Reign.

By command,

(Sgd.) JOSEPH POPE,

*Under Secretary of State.*

(Sgd.) A. POWER, *for the Deputy of the  
Minister of Justice, Canada.*



LETTER TRANSMITTING REPORT OF COMMISSIONER

MONTREAL, November 27, 1901.

TO THE SECRETARY OF STATE,  
OTTAWA.

SIR,—I have the honour to transmit to you my report to His Excellency the Governor General in Council, as special Commissioner appointed in the matter of the alleged Combination of Paper Manufacturers.

You will also receive a parcel containing three bound volumes forming the record and proceeding, and a document containing the minutes of the Paper Makers' Association of Canada.

I have the honour to be, sir,

Your obedient servant,

(Sd.) HENRI T. TASCHEREAU,  
*Commissioner.*

THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
CHICAGO, ILLINOIS

### REPORT OF THE COMMITTEE ON THE PROGRESS OF CHEMISTRY

THE COMMITTEE ON THE PROGRESS OF CHEMISTRY  
HAS THE HONOR TO REPORT TO THE BOARD OF CHEMISTS  
THE RESULTS OF ITS WORK DURING THE YEAR 1931.

The progress of chemistry during the year 1931 has been marked by several important discoveries and advances in various fields. The work of the committee has been directed towards the promotion of research and the dissemination of knowledge in the chemical sciences.

The committee has held several meetings and has received reports from the various departments of the university. It has also conducted extensive research into the progress of chemistry in other parts of the world.

Very truly yours,  
The Committee on the Progress of Chemistry

CHICAGO, ILLINOIS, JANUARY 1, 1932

Enclosed

## REPORT OF COMMISSIONER

*To His Excellency the Governor General in Council :—*

The undersigned, having been appointed by special commission issued on the 25th of April, 1901, under the authority of an Order in Council of the same date, and by virtue of section 18 of chapter 16 of the Acts of 1897 ('The Customs Tariff Act, 1897') Commissioner to inquire into and report to the Governor General in Council 'whether there exists among manufacturers or dealers of news and printing paper, any trust, combination, association, or agreement of any kind, to unduly enhance the price of said article, or in any other way to unduly promote the advantage of the said manufacturers or dealers, at the expense of the consumer,' has the honour to report as follows :—

A very full investigation was held in Montreal, Toronto and New York, during which the commissioner had the able assistance of eminent counsel, namely, Messrs. King, Barwick and Aylesworth, representing the complaining parties (The Canadian Press Association), and W. J. White, K.C., representing The Paper Manufacturers, respondents.

The whole record is transmitted with the present report, and it includes the depositions, taken in shorthand, of a large number of witnesses examined on either side, the exhibits filed in the course of the inquiry and the arguments of counsel.

The scope of the investigation, by the words of the Statute and of the Commission, is two-fold, and the two questions submitted are :—

*First*,—Whether the alleged association, or combination, or agreement does exist in Canada.

*Secondly*,—If so, whether it is such as to unduly enhance the price of news and printing paper, or in any other way to unduly promote the advantage of the manufacturers or dealers, at the expense of the consumers.

### I.—EXISTENCE OF THE ALLEGED COMBINATION, ASSOCIATION, OR AGREEMENT.

At the second sitting of the Commission, the respondents have voluntarily shown and produced the document containing the agreement by which, on the 21st February, 1900, twenty-six manufacturing companies, or firms, being practically all the producers of news and printing paper in Canada, formed themselves into an association to be called 'The Paper Makers Association of Canada.' A copy of said agreement, and of all forms and schedules attached thereto, is to be found in the evidence and in Exhibit P—4.

Of the twenty-six original associates, only twelve, comprising the strongest companies, have actually made, in the hands of the treasurer, the deposit which the agreement calls for, and the fourteen other members, it would appear, are not now recognized as regular members by the twelve who have conformed themselves to the by-laws. But the evidence is to the effect that the minimum prices fixed by the association have been since and are still adopted and maintained by every producer or dealer in the country, whether or not a member of the association, and that all manufacturers and dealers, in Canada, have availed themselves of the advantages of the said association (see particularly Mr. Gillean's deposition). As to the paper dealers, although desirous of becoming members, they were refused admission into this association of 1900, so that, so far as

the dealers are concerned, no combination can be laid at their doors, but the combination of 1900 interested and affected them, as it did every person concerned in the paper trade, and they submitted to the regulation of prices imposed by the association.

It appears that as far back as 1879, the manufacturers and dealers had for the first time associated themselves for the purposes of discussing the interests of the paper trade and of regulating prices, but no practical results were attained then, no fines imposed on members and no restrictions had on free competition. This first association became *lettre morte*.

In 1886, another association was formed under the name of 'The Paper Trade Association of Canada' (see by-laws, exhibit P. 37), but without any apparent regulation as to prices. In 1892, on September 22, the old association of 1879 was revived and several members agreed upon a basis of minimum selling prices for the several grades of paper referred to, but without imposition of fines or sanction of any sort. (See exhibit D—2). No results followed and free competition was uppermost until the manufacturers decided, in February, 1900, to form their present association, with stringent rules, strong organization and heavy fines.

The document witnessing that agreement being now before the Commission speaks for itself. Its contents can be summarized, as briefly as possible, as follows:—

ARTICLE I.—Gives the name of the association as above.

ARTICLE II.—States the object, namely: 'The promotion of friendly business relations between the manufacturers, their agents and the trade generally: the regulation and maintenance of fair prices of paper, and conference and mutual aid with reference to purchase of supplies and the like.' The agreement embraces all sales in the Dominion of Canada and Newfoundland, but does not embrace paper exported out of the Dominion, with the exception of Newfoundland.

ARTICLE III.—Provides for the dissolution of the association by mutual consent, and for the retirement or resignation of any of the parties on giving three months' previous notice to the secretary-treasurer.

ARTICLE IV.—Officers of the association to be: A president, two vice-presidents, and Messrs. Jenkins and Hardy, of Toronto, accountants, to act as secretary-treasurer; said officers to serve until the next annual meeting, or until appointment of successors.

ARTICLE V.—Duties of the president are: To preside at all meetings, and generally to perform the ordinary duties of president, or chairman, of such an association. Vice-presidents to act in the absence of the president. Duties of secretary-treasurer: To have charge of books, papers and records, collect and receive, and deposit in a chartered bank in Toronto, all moneys of the association; make all payments; keep all books of account; call meetings when found necessary; take and record all minutes of proceedings; give all notices and sign all papers and documents required; advise by wire or post all members, agents, or travellers, of any changes in the association's prices and terms.

ARTICLE VI.—Provides for the notices and the holding of regular quarterly meetings in Toronto, Ottawa and Montreal, and of the annual meeting, and also of special meetings at the request of four members, and of committee meetings. It also provides for representation of members at meetings, states what shall be the quorum (a majority of the members of the association or committee), and enacts that 'any resolution adopted at any meeting of the association by a majority of the members then present, shall be binding upon all the parties hereto.'

ARTICLE VII.—Entitles all members to attend all meetings, and vote thereat, either personally or by proxy.

ARTICLE VIII.—Contains the following agreements and promises by and between the covenantors:—

(a.) They shall be responsible for the acts, defaults and breaches committed by their respective agents, travellers and employees, and by the agents, travellers and employees of the said respective agents of members;

## SESSIONAL PAPER No. 53

(*b.*) They and their agents, and others for whom they are respectively responsible, will conform to and abide by any resolution adopted under Article 6 ;

(*c.*) They and their agents, &c., will not quote, accept or book orders for, offer or agree to sell, or sell, the goods covered by the agreement at lower prices or on better terms and conditions than those fixed by the schedule of prices, annexed to the agreement, or fixed by any schedule of prices which may be adopted by resolution of the association under Article VI., in substitution for all or any of the original schedules ;

(*d.*) And they, and their agents, &c., will not aid, abet, counsel, advise or procure any purchasers, or intending purchasers, to evade, elude, escape from or get around the provisions of the agreement by suggestions of the consolidation of the orders of two or more purchasers or in any way whatsoever ;

(*e.*) They and their agents, &c., shall not on any pretext consign goods covered by the agreement, nor allow, or pay any commission to any person whomsoever, except to a bona fide agent (who shall in no case be a dealer) previously named and declared to the secretary-treasurer, nor sell nor invoice the said goods, except in the name of the manufacturer, or if bought by a member of the association from some other manufacturer for the purpose of being re-sold then in the name of the member so re-selling the same ;

(*f.*) They, and their agents, &c., shall not, except as authorized by resolution of the association either directly or indirectly, resort or have recourse to any scheme, or subterfuge whatsoever, such as the giving of presents, or of discounts, or of reductions, in the price of other goods, or the giving or promising of any kind of benefit, or advantage, or otherwise, as an inducement or aid, in the making of present or future sales of goods ;

(*g.*) They and their agents, &c., will not directly, or indirectly, advise or notify their respective agents, travellers, employees, customers, or other persons whomsoever, of the calling or holding of any special or other meeting of the association, or of any anticipated fall or rise of prices thereat, and will not sell goods subject to a decline in price, or to be delivered more than ninety days after the date of the order taken, but any goods not shipped within the said ninety days shall only be shipped subject to, and be invoiced at, the price ruling at the date of shipment with the exception of contracts for news print, or periodical publications, for which contracts may be taken for a longer period than ninety days ;

(*h.*) All members will allow the secretary treasurer at all times access to their books, papers and correspondence, in order to verify any statements made, or investigate any accusation brought ;

All the above agreements, promises, and obligations, and all rules, regulations, prices, and discounts adopted by the association to be observed and fulfilled, and adhered to, under a penalty of five hundred dollars (\$500) payable to the association ; and all other penalties imposed hereafter for any breach, or violation of the agreement, to be likewise paid when members are called upon to do so. Said payment to be secured by the delivery, in the hands of the secretary treasurer, by each member of an accepted cheque of five hundred dollars (\$500) to be deposited in the bank by the secretary-treasurer to the credit of the association. Interest on said deposit to be accounted for and placed to the credit of the member having given said cheque.

ARTICLE IX. —On or before the 15th of each month each of the members, and each of their bookkeepers and each of their agents and travellers (all of whose names must be declared to the secretary-treasurer), shall send to the secretary-treasurer a solemn declaration in the form A (annexed to the agreement) that he has not, directly or indirectly, broken or violated, or permitted to be broken or violated, the terms of this agreement, and is not aware of any such breach or violation. Penalties for failing to do so : \$5 for each day in default of each member, besides \$5 for each day in default of each of his book-keepers, travellers or agents, or book-keepers, travellers or agents of the agents. Such penalties to be charged against the amount credited to such member in the books of the association.

ARTICLE X.—Also on or before the 15th of each month, each member shall send to the secretary-treasurer a statement in the form B, containing a summary of all sales

made by and for such member for the previous month, with a solemn declaration of truth. Penalty for failing to do so: \$5 for each day of default, to be charged against the amount standing at the credit of such member.

ARTICLE XI.—The secretary-treasurer to have full powers as to inquiries considered by him necessary to verify members' statements. Information to be held secret by the secretary-treasurer until he has reported to the association at a meeting. Any refusal to allow the secretary-treasurer to examine a member's books and papers subjects said member to a penalty of not less than \$50, and not more than \$500. The secretary-treasurer shall have the right to place one or more agents in the manufactory of any member, when complaint is made of any breach or violation by such member, and it is found necessary to check his goods. Said agent or agents to report to the secretary-treasurer, and to be paid by him out of the funds of the association.

ARTICLE XII.—When any supposed breach or violation of agreement is reported to the secretary-treasurer, or when the secretary-treasurer has discovered any such supposed breach or violation, the accused member shall be notified, and be given particulars of the charge, and fifteen days thereafter he shall furnish to the secretary-treasurer all possible written evidence in defence. The secretary-treasurer shall thereupon fully investigate the matter. He may take such other evidence as he sees fit, and may require from the accused member, his salesmen agents, or clerks, affidavits, or declarations taken before a notary public, or justice of the peace, or commissioner, repelling the charges as false and incorrect. The refusal or failure to furnish said affidavits to be considered as positive proof of the truth of the charge. And if, after full investigation, the secretary-treasurer finds the charge proven, he shall so declare in writing, giving particulars and shall, in his discretion, fine the accused member not less than \$50 nor more than \$500, and he shall deliver a copy of his decision to that member. Provided, that an appeal shall lie to the association within ten days from said decision of the secretary-treasurer. Provided also that upon discovery by the secretary-treasurer, after conviction, that there has been a clerical error in any invoice sent out, he shall not enforce the penalty but shall report the matter to the association for consideration at the next quarterly meeting.

ARTICLE XIII.—All penalties against a member to be charged by the secretary-treasurer against the sum of five hundred dollars deposited by such member.

ARTICLE XIV.—Whenever the deposit of \$500 made by each member has been reduced by reason of any penalty having been imposed, or otherwise, the said member shall, upon notice, pay a sufficient sum to make up the amount to the said sum of \$500.

Penalty for failure to do so within ten days of such notice:—\$5 for each day in default, to be taken from the funds in hand still at his credit, and such member to be considered as not in good standing.

ARTICLE XV.—All members enter into this agreement in honour bound to fulfil its conditions, irrespective of any legal question or technicality.

ARTICLE XVI.—All penalties imposed and charged against members to be divided quarterly by the secretary-treasurer amongst the other members in good standing.

ARTICLE XVII.—The secretary-treasurer, in addition to his other duties, to be generally the manager and superintendent of the association. He shall see that all statements and returns are duly made, and in the event of any deviation from the provisions of the agreement, he shall forthwith impose the prescribed penalty, his decision in the case of any such infraction of rules and provisions being final and without appeal. He shall make the divisions of the penalties among the members according to Article XV., and shall render an account of the business at the end of the year.

ARTICLE XVIII.—Salary of the secretary-treasurer to be \$ \_\_\_\_\_ per annum, to include both hotel and travelling expenses, payable quarterly by the members in proportion to the value of goods sold by each. His engagement to terminate on the dissolution of the association, he being paid *pro rata* to the date of such dissolution.

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And the members promise to hold the secretary-treasurer absolutely indemnified and harmless in respect of any moneys paid out by him by way of settlement or division of any penalties, or forfeitures that may be exacted under this agreement.

The covenantors are the following paper manufacturing firms of Canada :—

1. W. Barber & Brothers, of the Town of Georgetown.
2. Alex. Buntin & Son, of the Town of Valleyfield.
3. The Canada Paper Company, Ltd., of the City of Montreal.
4. The Dominion Paper Company, Ltd., of the City of Montreal.
5. The E. B. Eddy Company, Ltd., of the City of Hull.
6. John Fisher & Sons, of the Town of Dundas.
7. J. Forde & Company, of Portneuf.
8. S. A. Lazier & Sons, of the City of Belleville.
9. The Laurentide Pulp Company, Ltd., of Grand Mère.
10. The Lincoln Paper Mills Company, of the Town of Merritton.
11. Alexander McArthur & Co., of the City of Montreal.
12. Miller Brothers & Company, of the City of Montreal.
13. The Northumberland Paper and Electric Company, Ltd., of the Town of Campbellford.
14. The Ottawa Paper Company, of the City of Ottawa.
15. The Riordan Paper Mills Company, of the Town of Merritton.
16. The Royal Paper Mills Company, of East Angus.
17. Reid, Craig & Co., of the City of Quebec.
18. The Rolland Paper Company, of the City of Montreal.
19. J. Stutt & Son, of West Flamboro.
20. The St. Croix Pulp & Paper Company, of the City of Halifax.
21. The Toronto Paper Manufacturing Company, of the Town of Cornwall.
22. The Trent River Company, of Frankfort.
23. C. W. Thompson, of the Town of Newburg.
24. The Thompson Paper Company, of the Town of Newburg.
25. Taylor Brothers, of the City of Toronto.
26. J. C. Wilson & Co., of the City of Montreal, but the list of deposits, filed with the evidence of Mr. Hardy, secretary-treasurer, and being Exhibit P 38, shows that the twelve following firms only, have paid into the hands of the association the five hundred dollars mentioned in the agreement, and have by so doing secured their membership, namely :—

W. Barber & Brothers.  
 The Canada Paper Company.  
 The Dominion Paper Company.  
 The E. B. Eddy Company.  
 The Lincoln Paper Mills Company.  
 A. McArthur & Co.  
 The Riordan Paper Mills, Ltd.  
 The Rolland Paper Company.  
 The St. Croix Paper Company.  
 J. C. Wilson & Co.  
 The Consolidated Pulp and Paper Company.  
 J. Forde & Co.

The minutes of the association contain, among other proceedings not pertinent to this inquiry, the following resolutions of the association, adopted at the different meetings of its members :—

On the very day the agreement was signed it was resolved as follows :—

‘ That Mr. Hardy, secretary-treasurer, be directed to send the following telegram to every paper manufacturer in Canada : ‘ By unanimous resolution of the paper makers assembled here, I am instructed to request you to withdraw all prices on all papers, as new prices throughout the whole list are now being decided upon. Please also so advise all agents and travellers.’

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At the same meeting certain prices were temporarily adopted as to following grades of paper :

Rag brown wrapping, red brown, numbers one and two manilla, fibre, glazed hardware, bag manilla, ribbed hosiery, rolled news, sheet news, book paper and lithographic paper.

The next day, February 22, 1900, it was resolved: 'That the terms of sale shall be three months, three per cent discount, payment thirty days from the date of shipment.' Certain other prices and transportation charges to certain points were regulated at that meeting.

Other meetings took place on March 1, 2 and 3, 1900, at which minimum prices were finally decided upon and determined. Those relating to news print were fixed as follows :—

	In carload lots of twelve tons in one delivery or shipment.	In two ton lots in one delivery or shipment.	In less than two ton lots.
Rolled news, per 100 lbs.,	\$2.50	\$2.75	\$3.00
Sheet news, " ...	2.75	3.00	3.25

At the meeting of March 3, certain equalization, or mill points were chosen, namely, Montreal, London, Toronto, Hamilton, Ottawa, Hull, Kingston, Brantford, Windsor, Sarnia, Halifax, and St. John, N.B., freights being equalized on those points.

At a subsequent meeting held on April 18, 1900, it was resolved to adopt and use, from said date, a common form for all contracts for news print. All the prices and conditions previously determined and approved are embodied in this form, and return of, or allowance for, waste is strictly forbidden.

On January 10, 1901, it was resolved that prices on book, writing and lithographic papers be no longer governed by the association.

On February 5, 1901, prices were altered as to sheet news, and minimum fixed as follows :—

- \$2.75 per 100 lbs. in car load lots of twelve tons in one delivery or shipment ;
- \$3.00 per 100 lbs. in any quantity less than car load.

And the following prices were adopted for extra number three news (between news print and number three book, and being paper not generally used by newspapers) :—

## SHEET.

- \$3.25 per 100 lbs. in car load lots of twelve tons in one delivery or shipment ;
- \$3.50 per 100 lbs. in two ton lots, in one delivery or shipment ;
- \$3.75 per 100 lbs. in less than two ton lots.

## IN ROLLS.

- \$3.00 per 100 lbs. in car load lots of twelve tons in one delivery or shipment ;
- \$3.25 per 100 lbs., in two ton lots, in one delivery or shipment ;
- \$3.50 per 100 lbs in less than two ton lots.

On March 7, 1901, Quebec, St. Catharines, Merritton, Newborough, Strathcona and Chatham were added to the list of equalization points.

Finally, on May 10, 1901, the minimum prices of news print were reduced as follows :—

	In car load lots of twelve tons in one delivery or shipment.	In two ton lots in one delivery or shipment.	In less than two ton lots.
Rolled news per 100 lbs.,	\$2.37½	\$2.62½	\$2.87½
Sheet news, " ...	2.63½	2.87½	(any quantity less than two ton lots.)



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Such was the history of the Paper Makers' Association of Canada, as contained in their own books and minutes, when the present Commission began the inquiry ordered by the Government.

The above facts and proceedings establish beyond a doubt the existence of the association ; they show its principal object to be, the regulation and maintenance of specified prices for paper ; they reveal its organization, and rules, its complete power, influence, and control over the paper manufacturers and dealers of the country, and they indicate the true character of a combination still extant, and having at its disposal a very powerful mechanism.

So the first question, 'Whether the alleged association, or combination, or agreement, does exist in Canada,' must be answered in the affirmative :—There was and there is an association formed among manufacturers of news and printing paper, of Canada, for regulating, and maintaining specified prices of said article. The said manufacturers have entered into an agreement and the said agreement amounts to a combination.

II.—DOES SAID COMBINATION, RESULTING FROM THE AGREEMENT OF THE ASSOCIATION, UNDULY PROMOTE THE ADVANTAGE OF THE MANUFACTURERS AT THE EXPENSE OF THE CONSUMERS?

It became necessary, for the solution of this second and important question, to ascertain what was the state of the market in Canada and in the United States, relatively to news print, previous to, at the time of and since the combination.

(A.)—STATE OF THE MARKET IN CANADA.

Owing to modern improvements in machinery, improved facilities for manufacturing and lessening of expense of raw material, caused by the substitution of wood pulp for rags, the market prices for news print were gradually reduced from 1896 to 1899.

Taking the evidence of Mr. Charles N. Robertson, manager of the *Journal* Printing Company, Ottawa, which is confirmed by other witnesses as to many figures given by him, and it stands uncontradicted upon the main, the scale of constantly decreasing prices on rolled news print per hundred pounds was as follows :—

1896 .....	\$2 75
February, 1897 .....	2 65
June, 1897 .....	2 50
August, 1897 .....	2 35
August, 1898 .....	2 30
November, 1898 .....	2 03 to \$2 10
November, 1899 .....	2 03 to \$2 10

In December, 1899, for the first time in a long period, an advance or increase of prices took place, and rolled news print was quoted at \$2.20, which price was maintained throughout January, 1900, increasing to \$2.25 in February, 1900, when the association formed its combination and further raised the price minimum to \$2.50.

The higher but corresponding rates for sheet news also decreased from 1896 to December, 1899, when a proportionate advance took place in December, 1899, was maintained in January, and caused the price to be about \$2.50 in February, 1900, when the association raised the minimum price for sheet news per hundred pounds to \$2.75. (See depositions of P. D. Ross, T. H. Preston, W. S. Dingman, Joseph Atkinson, S. Stephenson, C. N. Robertson, J. R. Barber, John Macfarlane and W. D. Woodruff.)

Exceptional sales of rolled news per hundred pounds, however, appear to have been made as late as December, 1899, and January, 1900, at \$1.70, \$1.80, \$1.85 and \$2.15

(see evidence of L. J. Tarte), and exceptional contracts were entered into at prices different from those then ruling in 1898 and 1899, e. g. the contracts secured by the *Montreal Star* in May, 1899, at \$1.90, and which are still in force. (See evidence of Hugh Graham.) But these sales and contracts were, as already stated, quite exceptional and do not affect the truth of the statements that in general the ruling prices were at the dates mentioned such as above stated.

So that it may be said that after a gradual and steady decline from 1896 to December, 1899, the prices of news print had an upward tendency towards the end of 1899, and maintained it until February, 1900, when the ruling prices stood as follows:—

Rolled news, per 100 lbs.....	\$2 25
Sheet news " .....	2 50

Increase by combination prices, 25 cents per 100 pounds on each of the two grades of paper.

The association or combination prices then became the ruling prices in the market. Every manufacturer or dealer submitted to the regulation imposed by the association, and these ruling prices remained firm until the 10th of May, 1900, after the present Commission was appointed, when the association decided to lower the prices to \$2.37½ and \$2.62½ on each grade, respectively.

(B.)—STATE OF THE MARKET IN THE UNITED STATES.

As in Canada, the rise in prices in the United States began at the end of the year 1899. Contracts were entered into in New York in December of that year for \$2.30 (rolled news per 100 lbs.); in January, 1900, for \$2.55. More recent contracts in the same year, 1900, were as follows:—

August.....	\$2 50
December .....	2 50

(although an exceptional sale in that month was for \$2.15.)

In February, 1901, the price goes down to \$2.40, and in May of the same year the ruling figure is \$2.25. (See evidence of F. Squier and of J. H. Duffy.)

On the 30th of April, 1901, Mr. A. C. Scrimgeour, paper dealer, of Brooklyn, saw Mr. Tarte, proprietor of *La Patrie* newspaper in Montreal, and quoted him a price of \$1.85 per 100 lbs. free on board cars at American mill. With freight and duty added the paper would cost Mr. Tarte \$2.48 in Montreal (two cents under the then Canadian combination prices). The proposal was made with the object of making the Canadian manufacturers understand that the American manufacturers could invade their territory in Canada, as it had been reported that the Dominion manufacturers were discussing the advisability of offering among themselves a rebate of duty of six dollars per ton on every ton of paper exported to Great Britain, which would enable them to make lower prices and compete successfully with Americans in the British market. Still, at the price quoted to Mr. Tarte, the American manufacturer would have made a profit. A similar proposal was made in Toronto. At that time the same grade of paper would command \$2.25 in the States, but there were sales to large consumers at \$2.00. Mr. Scrimgeour adds that in the fall of 1890 and during 1900, his company was getting from \$2.35 to \$3.00 at the mill, with discount of three per cent at thirty days.

It must be remembered that the paper market in the United States was and is largely controlled by the International Paper Company, which was incorporated in 1898, has the ownership of thirty-one mills, and furnishes 65 to 75 per cent of the whole supply in the States. There is no agreed combination of prices there, but there is, as we see, a combination of mills, very powerful and perhaps very dangerous to the interests of the American consumers. Such a large company can practically regulate and maintain ruling prices at will, and defy the competition of small concerns quite unprepared for the fight in the field of demand and supply.

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(C.)—ENHANCEMENT OF PRICES AND OTHER DISADVANTAGES TO CONSUMERS DUE TO COMBINATION.

We have already seen that the association just after its formation enhanced the prices then current and ruling in Canada to at least twenty-five cents per hundred pounds on news print, sheet and roll.

Other disadvantages resulting to consumers from the regulations of the association were as follows:—

*Firstly.* The period of credit, which was generally four months, was shortened to three months.

*Secondly.* The right to return waste or unused paper, which formerly formed a feature of all contracts and sales, was denied. The evidence shows the difference against the consumers upon that score to be from five to fifteen cents per hundred pounds; average of loss being ten cents.

*Thirdly.* The discrimination created by the agreement against certain consumers by the creation of equalization points means the payment by those consumers of an additional freight of ten to fifteen cents per hundred pounds, averaging twelve and a half cents. The establishing of these points is explained by the members of the association as being necessary to protect wholesale dealers who purchase from the manufacturers, and who would not otherwise have any advantage over the consumers who buy also from the manufacturers from other points where there are no such wholesale dealers. The consequence is that the consumers who happen to live at those other points have to pay the additional freight.

So, adding to the twenty-five cents increase in prices the ten cents for the loss of the right to return waste, and the twelve and a half cents for the additional freight, we have, as a result of the combination, a total increase of forty-seven and a half cents per hundred pounds against consumers living at non-equalization points, and of thirty-five cents per hundred pounds against consumers living at equalization points. There is also the loss occasioned to all consumers of one month of the period of credit.

The evidence being to the effect that after the first regulation of prices by the association, there were no other prices ruling than the association prices, as far as Canada is concerned, the state of the market remained unchanged under the association's regulations, and it is safe to assume that the reduction of prices in May, 1901, by the association, was only due to a better state of the paper trade, both as to the facilities of demand and supply, and as to cost of production. The same reasons explain the same reduction which took place in the States at the same time.

In the United States, ruling prices were certainly higher than in Canada in February, 1900, when the present combination was formed, the average price there, as we have seen, being \$2.55 at that time. With freight and duty added, the American article would have cost \$3.18 to a Montreal buyer. But, as already remarked, the American market was then controlled, as it still is, by one huge corporation, and the profits and sales effected in that country must have been very large, since the cost of production was about the same in the two countries, and Canadian manufacturers considered that their trade, at the prices then quoted in Canada, although lower than American prices, 'was in a good and healthy state.' It is not surprising then, if American dealers or manufacturers would not approach Canadian consumers with more favourable proposals as to prices than those ruling on their own side of the line, except for the reasons and under the circumstances divulged by Mr. Scrimgeour, and already referred to.

The comparison, therefore, between American and Canadian prices, at the date of the combination, afford no safe criterion. Prices in the United States were practically in the controlling power of one single monopolizing organization, and were abnormally high. Canadian prices were lower, but such as to satisfy the manufacturers in this country, several of whom were then prepared to make new contracts, or to renew old ones at the then ruling price in Canada, but were only prevented from doing so by the agreement of the twenty-first of February, 1900. (See evidence of P. D. Ross, T. H. Preston, W. S. Dingman, Joseph Atkinson, S. Stephenson, C. N. Robertson, John Macfarlane, W. D. Woodruff, W. D. Gillean, Hugh Graham and L. J. Tarte).

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The temporary advance in prices in the United States is attributed by the American witnesses to the outbreak of the wars, which caused the newspaper circulation, and consequently consumption and demand of paper, to increase largely. Pulp was then found to be short, price of sulphur went up, and all these causes united produced the rise in prices, which culminated in January or February, 1900, and collapsed in 1901.

In Canada, the same temporary advance of December, 1899, and January and February, 1900, is explained on the part of the manufacturers by the increase in the cost of manufactured sulphur, which is an essential part of sulphite pulp, being then short, or difficult to obtain on account of being contraband of war, and wood pulp being also short, by reason of the poorness of the output of logs, which were delayed for climatic causes, at least twelve months, before reaching the manufactory, and also by the increase in the cost of other raw material. Taking for granted that these allegations are true, the results of such increase in the cost of manufacture were naturally felt in the then free market, and produced the advance in price which had reached its climax in February, 1900, before the combination was formed. The largest manufacturers, those who made their own pulp, were content with these prices, as naturally enhanced and ruling before the combination. Others, who had to buy their pulp, had less to rejoice in these prices, because their own cost of production was greater. But certain it is, that news print could then be manufactured and sold with sufficient profit, by those who had all the necessary plant, at the prices which have been indicated as the ruling prices before the formation of the combination. And that was the result of free competition and free prices, by which the public is always the gainer. The combination effaced free prices, and substituted regulation and higher rates, to the general advantage of all the manufacturers, although favouring more especially those who could not manufacture pulp, but such a combination could not but be otherwise than at the expense of the consumers, who lost thereby the benefit of the former free and competitive trade.

(D).—WERE SUCH ENHANCEMENT OF PRICES AND OTHER DISADVANTAGES TO CONSUMERS  
UNDUE, UNREASONABLE, OR OPPRESSIVE?

The word 'unduly' is the expression used in section 10 of chapter 16 of 60-61 Victoria (The Customs Tariff, 1897), under which the present commission was appointed.

To be undue, the enhancement of prices must be unreasonable, excessive or oppressive to consumers, or to a certain class of consumers.

In the preceding sections of my report, I have indicated what I consider, in the light of the evidence taken before me, as being the true nature and exact extent of the changes brought by the association as regards the consumers.

The enhancement of prices as originally made by the association was certainly not justified by the facts and by the state of the market at the time.

That conclusion being reached, it remains to decide whether there is anything undue, unreasonable, excessive or oppressive in the act complained of.

In such cases the injury to the public is the controlling consideration. Monopolies are liable to be oppressive, and hence are deemed to be hostile to the public good. Combinations, who have the control of the trade their members are engaged in, and who have that control to such an extent as to enable them to dictate prices and to leave no real field of competition open to others, are real monopolies. I am afraid the combination now attacked falls under these conditions.

A combination may be quite legal and harmless in its inception, and primary objects, e. g., if to regulate and maintain fair prices. But it may become illegal and oppressive in its subsequent operations, e. g., by the imposition of unfair and unreasonable prices. The moment the association attempts to dictate unjust and oppressive terms and rates, with full controlling powers of enforcement and means at its disposal, law and public policy must intervene and stop such dangerous dictation. The declared object of the Paper Makers' Association of Canada was the regulation and maintenance of 'fair prices of paper.' That object was quite innocent in itself, but the character of the association was to be judged according to its subsequent acts, determining and regulating said prices under the stringent rules and heavy penalties it had previously

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enacted. The association has almost immediately after its formation determined and fixed prices which are found to be unfair and detrimental to consumers and public good, to the extent hereinabove indicated. The result was, the complaint of The Canadian Press Association and the action taken by the Government under the statute. I am afraid that action was well taken.

The reduction made in the minimum prices of the association in May, 1901, after the appointment of this Commission cannot affect the conclusions of this report: Firstly, because it was subsequent to said appointment of Commission; secondly, because the association controlling the paper trade are presumed, after their past acts, to have made said reduction upon the same unreasonable basis as was the foundation of their first resolution, taking into account the better state of the trade at the time of the reduction; thirdly, because the same association still control prices and can still enforce present and future regulations of a dangerous nature.

The present issue not being before the courts as a criminal prosecution, or as a civil action, the undersigned has only to report to the Government of Canada the facts proved at the inquiry under the Commission issued, and cannot offer any suggestion as to what action should be taken under subsection 3 of section 18 of the 'Customs Tariff, 1897.'

The Government before taking any action upon this report has also to judge ultimately whether the enhancement of prices reported by the undersigned is such as to seriously affect the consumers and the public in the measure contemplated by the statute.

The undersigned can only report and does report, that in his opinion, and taking the whole evidence into consideration, the said enhancement of prices and other disadvantages to consumers caused by the combination whose existence is proved, admitted and reported, are to the extent already indicated undue, unreasonable, and oppressive, and unduly promote to the same extent the advantage of the paper manufacturers of Canada, at the expense of the consumers.

## III.—LEGAL ASPECT OF THE QUESTION.

The learned counsel for the manufacturers has laid stress upon the legal principles involved in this inquiry, and has cited to the Commissioner the Criminal Code of Canada, the opinions of well known authorities on combinations, and the decisions of several courts of law.

This Commission was issued under an Order in Council, based upon section 18 of the Customs Tariff, 1897, which is as follows:

'Whenever the Governor in Council has reason to believe that with regard to any article of commerce there exists any trust, combination, association or agreement of any kind among manufacturers of such article, or dealers therein, to unduly enhance the price of such article, or in any other way to unduly promote the advantage of the manufacturers or dealers at the expense of the consumers, the Governor in Council may commission or empower any Judge of the Supreme Court or Exchequer Court of Canada, or of any Superior Court in any province of Canada, to inquire in a summary way into and report to the Governor in Council whether such trust, combination, association or agreement exists.

'2. The judge may compel the attendance of witnesses and examine them under oath, and require the production of books and papers, and shall have such other necessary powers as are conferred upon him by the Governor in Council for the purposes of such inquiry.

'3. If the judge reports that such trust, combination, association or agreement exists, and if it appears to the Governor in Council that such disadvantage to the consumers is facilitated by the duties of customs imposed on a like article, when imported, then the Governor in Council shall place such article on the free list, or so reduce the duty on it as to give to the public the benefit of reasonable competition in such article.'

That section of the statute has been enacted quite irrespective of the provisions of the Criminal Code, or of common civil law, and does not contemplate as a necessary

condition of the proposed inquiry the existence of facts which would engender a criminal prosecution or give rise to a civil action.

Public interest alone, irrespective of the criminal guilt or civil responsibility of the parties to a combination, dictated the enactment, and parliament placed into the hands of the government the power to ascertain certain facts by Royal Commission, so that future action might be taken upon the report of the inquiry if the facts were true.

But even if the report of this Commission depended upon the legality, or illegality of the combination, I would still be inclined to think that the manufacturers, parties to the combination, were liable both criminally and civilly by reason of the facts divulged in this inquiry, if the enhancement of prices was really undue, unreasonable and oppressive.

The criminal law as to combinations is to be found in section 520 of the Criminal Code as amended by 63-64 Victoria, chapter 46, which declares guilty of an indictable offence, and liable to a certain penalty, every person or corporation who conspires, combines, agrees, or arranges with any other person, or with any railway, steamship, steamboat, or transport company to (among other things) 'restrain or injure trade or commerce in relation to any article or commodity which may be a subject of trade or commerce, or to unduly prevent, limit or lessen the manufacture or production of any such article or commodity, or to unreasonably enhance the price thereof.' By the amendment made by 63-64 Victoria, cap. 46, the word 'illegally,' which preceded the word 'conspires' in the original section 520, was left out. That word was useless and added nothing to the offence, which was sufficiently described by the whole section, combination being in law the co-operation of two or more persons to do something which is contrary to law, or to public policy. Mere co-operation is no offence, except if formed for an illegal or oppressive act, and here the illegal or oppressive act intended by the co-operators is sufficiently described in the enactment itself. The offence of illegal combination is sufficiently alleged if the end proposed is, by reason of the power of combination, particularly dangerous to the public interests, or injurious to some persons as the act of unreasonably enhancing the price of an article of trade. The Customs Tariff, in section 18, uses the word 'unduly,' whereas section 520 of the Criminal Code has the word 'unreasonably.' I see no difference in those two words as to their signification. They both mean an oppressive act, contrary to public policy. The act may not be criminal in itself, that is, in the mere moral sense, but it is criminal because committed by way of a combination, and because the law makes it unlawful if committed in that way.

In civil law the same principles apply and the definition of illegal combinations or conspiracies in criminal law is not different from that used in a purely civil sense.

So that the illegality of the present combination would appear both by the express enactment of the customs tariff, which forbids the act complained of and authorizes direct government action, if it is committed, and by section 520 of the Criminal Code, to say nothing of common law on the matter.

See I. Eddy on Combinations, sections 188 and following, and sections 218, 223, 225, 226, 232, 238, 248, 275, 287, 288, 332, 334, 340, 364 and following.

In the cases cited by the learned counsel for the manufacturers, the courts did not affirm other principles than those hereinabove stated. These were special cases where the judges did not find the necessary element of illegal combination, which is the combining for objects unlawful, or oppressive or immoral.

The whole humbly submitted.

(Signed), HENRI T TASCHEREAU,  
*Commissioner*

MONTREAL, November 15, 1901.

## ORDER IN COUNCIL REDUCING DUTY ON NEWS PRINTING PAPER

EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by His Excellency on the 11th February, 1902.

The Committee of the Privy Council have had under consideration a report, hereto annexed, dated 10th February, 1902, from the Minister of Finance, with reference to a combination among Canadian Paper Manufacturers.

The Committee concurring in the recommendations of the Minister of Finance therein made, submit the same for His Excellency's approval.

(Sgd.) JOHN J. MCGEE,  
Clerk of the Privy Council.

FINANCE DEPARTMENT, OTTAWA, CANADA, February 10, 1902.

To His Excellency,

The Governor General in Council :

The undersigned has the honour to report that by section 18 of chapter 16 of the Statutes of 1897, 'Customs Tariff, 1897,' it is enacted as follows :

'18. Whenever the Governor in Council has reason to believe that with regard to any article of commerce there exists any trust, combination, association or agreement of any kind among manufacturers of such article or dealers therein to unduly enhance the price of such article or in any other way to unduly promote the advantage of the manufacturers or dealers at the expense of the consumers, the Governor in Council may commission or empower any judge of the Supreme Court or Exchequer Court of Canada, or in any Superior Court in any Province of Canada to inquire in a summary way into and report to the Governor in Council whether such trust, combination, association or agreement exists.

'2. The Judge may compel the attendance of witnesses and examine them under oath and require the production of books and papers, and shall have such other necessary powers as are conferred upon him by the Governor in Council for the purposes of such inquiry.

'3. If the Judge reports that such trust, combination, association or agreement exists, and if it appears to the Governor in Council that such disadvantage to the consumers is facilitated by the duties of customs imposed on a like article, when imported, then the Governor in Council shall place such article on the free list, or so reduce the duty on it as to give the public the benefit of reasonable competition in such article.'

The undersigned has further to report that a communication under date the 10th April, 1901, was addressed to him by A. G. F. Macdonald, President, and John A. Cooper, Secretary-Treasurer of the Canadian Press Association, stating that at the recent annual meeting of the Press Association, the following resolution passed at a meeting of the Association on the 18th May, 1900, was reaffirmed and submitted to the undersigned for his consideration and the consideration of the Government, viz :—

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'That the Executive of the Canadian Press Association believe that a combine now exists among Canadian Paper Manufacturers, the effect of which is to unduly increase the price of news and printing paper contrary to section 18 of the Customs Tariff Act of 1897. That this Executive is prepared to submit witnesses and evidence in support of the statement and we, therefore, respectfully ask that the Government order an investigation under section 18 and subsections of the Customs Tariff Act of 1897, with a view to ameliorating the existing conditions.'

The undersigned has further to report that he received a numerous deputation from the said Canadian Press Association, who urged the necessity of an inquiry under the provisions of the section above quoted, and from the statements in the said communication of 10th April, 1901, and from the representations made by the said deputation he was satisfied there was reasonable ground for such an inquiry as was contemplated by the statute, and accordingly on the 22nd April, 1901, in a report to His Excellency the Governor General in Council, he recommended that the Governor General in Council be pleased to declare that the Governor in Council has reason to believe that with regard to news and printing paper there exists a trust, combination, association or agreement among manufacturers of such paper or dealers therein, to unduly enhance the price of such paper, or to unduly promote the advantage of the manufacturers or dealers at the expense of the consumers, and that the Governor in Council be further pleased to commission and empower the Honourable Henri Thomas Taschereau, of the City of Montreal, one of the judges of the Superior Court of the Province of Quebec, to inquire into and to report to His Excellency in Council, under and in accordance with the provisions of section 18 of chapter 16 of the statutes of 1897, 'The Customs Tariff, 1897,' whether any such trust, combination, association or agreement exists, and to confer upon the said Honourable Henri Thomas Taschereau all the powers that may be necessary for the purpose of such inquiry, which report and recommendations were submitted for His Excellency's approval, and were approved by His Excellency on the 25th April, 1901.

The undersigned has further to report that the Honourable Judge Taschereau has made a report in the matter, dated November 15, 1901, in which he states that a very full investigation was held in Montreal, Toronto and New York, during which he had the able assistance of eminent counsel, representing the complaining parties and the paper manufacturers, and he transmitted with his report the depositions, taken in shorthand, of a large number of witnesses examined on either side, the exhibits filed in the course of the inquiry and the arguments of counsel. The Commissioner then goes on to state that the scope of the investigation, by the words of the statute and of the Commission, was two-fold, and the two questions submitted were :—

*First.*—Whether the alleged association, or combination, or agreement does exist in Canada.

*Second.*—If so, whether it is such as to unduly enhance the price of news and printing paper, or in any other way to unduly promote the advantage of the manufacturers or dealers, at the expense of the consumers.

The Commissioner reports that the first question must be answered in the affirmative : There was and there is an association formed among manufacturers of news and printing paper, of Canada, for regulating and maintaining specified prices of said article. The said manufacturers have entered into an agreement and the said agreement amounts to a combination.

The Commissioner further finds that the Association just after its formation enhanced the prices then current and ruling in Canada to at least 25 cents per hundred pounds on news print, sheet and roll, and that there were other disadvantages resulting to consumers from the regulations of the Association, namely :—

*First.*—The shortening of the period of credit from four months to three months ;

*Secondly.*—The denial of the right to return waste or unused paper, an average loss of 10 cents per hundred pounds ;



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*Thirdly.*—The discrimination created by the agreement against certain consumers by the creation of equalization points, meaning the payment by these consumers of an additional freight of 12½ cents per hundred pounds on the average, making a total increase of 47½ cents per hundred pounds against consumers living at non-equalization points, and of 35 cents per hundred pounds against consumers living at equalization points, in addition to the loss occasioned to all consumers of one month of the period of credit.

The Commissioner further states that the enhancement of prices as originally made by the Association was certainly not justified by the facts and by the state of the market at the time, and he reports that in his opinion and taking the whole evidence into consideration, the said enhancement of prices and other disadvantages to consumers caused by the Association whose existence is proved, admitted and reported, are to the extent indicated in his report undue, unreasonable and oppressive, and unduly promote to the same extent the advantage of the Paper Manufacturers of Canada at the expense of the consumers.

On the legal aspect of the question the Commissioner states that the illegality of the present combination would appear both by the express enactment of the Customs tariff, which forbids the act complained of and authorizes direct Government action, if it is committed, and by section 520 of the Criminal Code, to say nothing of common law in the matter.

The undersigned, in view of the above report of the Commissioner, is of opinion that the disadvantage to the consumers is facilitated by the customs duty of 25 per cent *ad valorem* imposed by item 139 of the Customs Tariff, 1897, upon printing paper imported into Canada.

The undersigned has, therefore, the honour to recommend that, under the provisions of subsection 3 of section 18 of chapter 16 of the statutes of 1897, 'The Customs Tariff, 1897,' Your Excellency in Council be pleased to reduce the Customs duty on news printing paper in sheets and rolls, including all printing paper valued at not more than two and one-quarter cents per pound, from twenty-five per centum *ad valorem*, to fifteen per centum *ad valorem*.

Respectfully submitted,

(Sgd.) W. S. FIELDING,  
*Minister of Finance.*



# EVIDENCE

TAKEN BEFORE

## THE ROYAL COMMISSION

*IN RE*

### THE ALLEGED COMBINATION OF PAPER MANUFACTURERS OR DEALERS

---

EVIDENCE TAKEN IN MONTREAL, 28<sup>TH</sup> MAY, 1901.

MONTREAL, 28th May, 1901.

PHILIP DANSKIN ROSS,

*Examined by Mr. King, K.C., representing the Press Association:*

Q. As you said, Mr. Ross, you reside in the City of Ottawa, and I understand you are president of a printing company there?—A. President of the Journal Printing Company.

Q. Have you had any transactions with the Eddy Paper Company, at Ottawa, with respect to the matter which has been complained of here?—A. Yes.

Q. Just tell us what these transactions were?—A. We had a contract with the Eddy Paper Company, which expired some time in January or February last; after its expiry we were negotiating with the company for a renewal of the contract. The contract we had with them was at the rate of two dollars and four cents (\$2.04) per hundred (100) pounds. They notified us on the expiry of the contract that there would be an increase in the price, and their agent, Mr. Hall, stated that the increase would be probably ten per cent. (10%). We considered that offer for a time, and then, I think in the first week of February—

Q. Last?—A. February of nineteen hundred. This contract I refer to expired in February, nineteen hundred. They notified us that the price—they cancelled their offer of an increase of ten per cent and notified us that the price would be two dollars and fifty cents (\$2.50) per hundred pounds. We claimed that we had an option of renewal of the contract at two dollars and twenty-four (\$2.24) cents, or an increase of

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ten per cent (10 %)—two dollars and twenty-five cents (\$2.25). And in the course of the discussion regarding that, we called upon Mr. Eddy, president of the E. B. Eddy Paper Company. Mr. Eddy informed me that an association had been formed by the majority of the Canadian paper makers, who had decided that the price of paper was to be two dollars and fifty cents (\$2.50) per hundred pounds, under the conditions on which we had been receiving at the time from them previously. I argued that we had an option with them for the renewal at a lower price. He said he was not at liberty to concede that option, and in the course of the talk about that, he said he was bound hard and fast by the regulations of the Canadian Paper Makers' Association ; that he was bound by a penalty not to infringe the terms of the agreement with the other paper makers, and that he was obliged by his agreement to exhibit to the Association, if required, all contracts, papers and documents in connection with it for examination by the executive of the Paper Makers' Association.

In consequence of that conversation we did make a contract with the Eddy Paper Company, or at least, we continued to take paper from them at two dollars and fifty cents. I do not remember whether we had a contract or not. Shortly afterwards the Eddy Company was burnt down, and that terminated the relations with them for a time.

Q. So that in effect what you have said, Mr. Ross, is that you were informed by Mr. Eddy that there was an Association known as the Paper Makers' Association, and that their firm was a member of that association?—A. Yes. There is one statement I would like to add also. During the course of these negotiations we applied to other paper mills for quotations for paper, and we received within a few days afterwards a letter from the Eddy Company, in which they stated that they had learned from the Paper Makers' Association that we had applied elsewhere for quotations for paper.

Q. Now, having told us what Mr. Eddy said, have you got that information in effect from other persons representing themselves as agents for the paper makers?—A. Yes. As I say, our relations with the Eddy Company terminated in consequence of the fire which destroyed their establishment. Later on we had dealings with other paper firms.

Q. You refer to some letters. As I understand, these letters show that the Eddy Company was controlled——

Mr. WHITE, K.C., objects to this question.

Mr. KING.—Mr. Ross, you better produce the letters. There are three letters. One is the fifth of March, nineteen hundred :

‘ Messrs. The Journal Printing Company,  
‘ Ottawa.

‘ DEAR SIRS,—Inclosed please find specifications for paper shipped you on the 20th ultimo and the 3rd instant, amounting to five thousand and six (5,006) and four thousand nine hundred and sixty-four pounds (4,964), for which we will send you invoice so soon as the price and terms fixed upon by the Canadian Paper Makers' Association have been advised to us for this paper product, but you may be sure that not only will you have as low prices, but the best attention, as prompt delivery, and the most favourable terms and discounts going, for we are in this as in all other matters, always with pleasure at your service, and only regret that you did not take advantage of the opportunity offered on a rising market by contracting for your requirements over the year with

Yours truly,

‘ THE E. B. EDDY COMPANY, LTD.’

This letter is produced as Exhibit P—1, dated March fifth, one thousand nine hundred.

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Then we produce another letter of the tenth of March, one thousand nine hundred, from the same company, signed by Mr. Rowley, secretary-treasurer, in which he writes :—

‘Messrs. The Journal Printing Company,  
‘Ottawa.

DEAR SIRS,—Enclosed please find invoice and specifications for shipments of roll news to you under date of twenty-eighth February, third, sixth and ninth instant, weighing in all eighteen thousand seven hundred and eighty pounds (18,780 lbs.) which, subject if you please to the approval and confirmation by the Paper Makers’ Association of Canada, or otherwise, to necessary alteration and advance in price, we have invoiced at two dollars and fifty cents, and beg leave to say that as the uniform quantity price for roll news as fixed by the Canadian Paper Makers’ Association, is:—Two dollars and fifty cents for carloads; two dollars and seventy-five cents for two ton and up lots; three dollars for less than two ton lots, with an advance of twenty-five cents per hundred for similar quantities of ream news, and a further advance or extra charge for frames on any framed news. We have invoiced you this lot at the minimum price in effect for the maximum quantity, and if you please, to confirmation of our action in this connection on your behalf as stated above, and have to add that if you are inclined to do so, we are ready to enter into a contract with you at current prices although the market is steadily advancing, for your requirements over the year nineteen hundred, and to say that if you will name a day and hour when we may call upon you, we will with pleasure do so, meanwhile remaining

‘Yours truly,

‘THE E. B. EDDY COMPANY, LIMITED.’

Then there is a P.S. added :

‘This will serve to confirm the conversation had with you, and to acknowledge your letter of the seventh.’

This letter is produced as Exhibit P—2.

*By Mr. King, K.C.:*

Q.—Have you a copy of the letter of the seventh, Mr. Ross?—A. No, sir.

*By Mr. White, K.C.:*

Q.—Could not you produce that letter?—A. Yes, I think I could produce that.

Mr. KING.—On the thirteenth of March, nineteen hundred there is another letter from the same company, signed by the secretary-treasurer, to the Journal Printing Company, Ottawa :

‘DEAR SIRS,—Answering your favour of the twelfth instant, unless and until you hear from us to the contrary we are willing to continue to deliver paper to you as at present at the present carload price of two dollars and fifty cents per one hundred pounds on the distinct understanding which we beg leave here to reiterate, that if the Canadian Paper Makers’ Association rules contrary to this, you will take the paper from us in carload lots, to obtain the carload price, or in two ton and up lots to obtain the two ton and up price, or in smaller quantities at the then two ton price, your quantity, which shall be our pleasure in the matter.

‘If you wish to make a contract now for the next six months, say to first of September, nineteen hundred at two dollars and fifty cents less three per cent, thirty days, we will conclude such at once, subject to Canadian Paper Makers’ Association ruling

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as above and at the end of the six months review and revise the contract and give you benefit of any decline that may rule or charge you any advance that may then be in order.

‘Yours truly,

‘THE E. B. EDDY COMPANY, LIMITED.’

The above letter is produced as Exhibit P—3.

Mr. KING, K.C.—Now, there are two letters of the seventh and twelfth which connect that correspondence.

Q. When you were dissatisfied, as I understand you were, with the prices and conditions that were quoted above by the Eddy Paper Company, did you apply to other manufacturers?—A. We did.

Q. And in reply you got one of these letters which has been produced?—A. No, we got another letter.

Q. Have you got that?—A. No, I mislaid it; it has been mislaid in our office.

Q. Do you know who it was from?—A. Signed by Mr. Rowley, secretary-treasurer of the company.

Q. Do you remember what date it was?—A. No, I do not.

Mr. KING, K.C.—Well, your Lordship, my learned friend who is acting for the Eddy Company might produce any letters relating to this matter.

Mr. WHITE, K.C.—I don't think there is any objection to producing the correspondence.

*By Mr. King, K.C., to Witness :*

Q. What was the conclusion you drew from these letters and from your conversation with Mr. Eddy?—A. From the fact that they had offered, and it was not contested on either side, to renew our contract at a certain increase lower than the combine price within two weeks of the time the combine was formed, as I understand, I drew the conclusion that the combine advanced the prices beyond what was necessary owing to the state of the market; then they offered us paper at an advance of ten per cent on our former contract, which would have made the price two dollars and twenty-five cents, and then, in a couple of weeks later, cancelled that order and charged us two dollars and fifty cents, and stated we were obliged to pay that by the Paper Makers' Association. My inference was, that the price had gone up, not owing to the state of the market, for I do not think they would have offered us that price unless the market allowed them to offer that, and in two weeks they offered it at two dollars and fifty cents.

Q. Did you regard that as unduly enhancing the price?—A. Yes.

Q. Had you an interview with Mr. Eddy and Mr. Rowley, the secretary-treasurer in March, nineteen hundred, do you remember?—A. Yes, I think I stated that before, but the date must have been March, the first week in March. It is fixed by one of these letters. At my interview with Mr. Eddy, Mr. Rowley was present most of the time.

Q. What did they tell you then as a member of the Paper Makers' Association?—A. I only had the one interview.

Q. Have you told us all that took place at that interview?—A. I think I have told you all.

Q. Was there anything said about contracts, as to exhibiting contracts to the association?—A. Mr. Eddy told me that he had to submit these contracts, if required, to the executive of the Paper Makers' Association.

Q. Contracts for what?—A. Paper.

Q. News print, is that the term?—A. Yes.

Q. I think you also told us the company was subject to penalty for breach of this agreement regarding prices and conditions?—A. That is what he stated.

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Q. Do you remember of seeing a public announcement that the Paper Makers' Association had been formed ?—A. I did.

Q. When was that, do you remember ?—A. I saw it in the February issue of the Canadian Printer and Publisher.

Q. That is, in February, nineteen hundred ?—A. Yes.

Q. And was it prior to that time that the Eddy Company had offered you paper at the reduced rate, and after that that the price was increased, as you told us ?—A. That was about the time.

Q. And then, as I understand, the price was made two dollars and fifty cents per hundred pounds ?—A. Yes, per hundred pounds.

Q. Prior to that it had been two dollars and ten cents ?—A. Yes, less three per cent for cash.

Q. And then, I think you have already mentioned that Mr. Eddy told you that was the price fixed by the Association ?—A. Yes.

Q. Now, in the month of October or November, nineteen hundred, did the agent of any other company call upon you ?—A. Yes, the agent of the Laurentide Pulp Company called upon us.

Q. Do you remember his name ?—A. Mr. Gascoigne.

Q. What took place with him ?—A. I am not able to say personally what took place with him, because I did not see him ; my information is from a person in our company.

Q. What is his name ?—A. Mr. Robertson.

Q. He could tell us, of course ?—A. Mr. Robertson could tell you.

Q. As to what took place with him you cannot make any statement because you have no personal knowledge ?—A. Of course, Mr. Robertson informed me, as part of our business.

Mr. WHITE, K.C., objects to this evidence.

Mr. KING, K.C.—Mr. Robertson will give us that himself.

*By Mr. King, K.C.:*

Q. However, you know, I suppose, as president of the company, that there was an offer made by Mr. Gascoigne ?—A. Yes, as president of the company, I was informed that Mr. Gascoigne—

Mr. WHITE, K.C., objects to this evidence.

Mr. KING, K.C.—I do not know that it is a matter of great importance. Mr. Robertson can give the particulars, and we won't go into it further.

Q. You know there was an offer made by the Laurentide Pulp Company ?—A. Yes.

Q. Now, you endeavoured, of course, to get your paper, as I understand, at a lower price ?—A. Yes.

Q. And what was the result of this combine, if you like to call it so, which had been formed at that time as you understood, from these various parties, what was the result to your company ?—A. The result, I take it is, we were paying an increased rate for paper.

Q. You were obliged to buy at higher prices ?—A. Yes.

Q. Now, in the month of January last, what was the price fixed by the Paper Makers' Association for news print ?

Mr. WHITE, K.C.—You are speaking of nineteen hundred and one now ?

Mr. KING, K.C.—Yes.

*By Mr. King, K.C.:*

Q. What was the price fixed, do you remember, Mr. Ross?—A. Two dollars and fifty cents per hundred pounds.

Q. Did you make any inquiries as to whether you could procure the same kind of paper, the same class of paper, at a cheaper rate elsewhere?—A. I did.

Q. Where did you inquire?—A. I wrote to a number of papers in New York State, asking them at what price they were being supplied with paper.

Q. And you got replies from them?—A. I received replies from eight papers.

Q. Have you the replies here?—A. No, I have not.

Q. Have you got them at the office?—A. I have them, but I would not like to exhibit them, because they were sometimes confidential. I would be pleased to let the Judge see them.

Q. With your undertaking to produce these and hand them to His Lordship—you say there were seven or eight papers answered you?—A. Seven or eight.

Q. How did the price compare as with the prices that the Paper Makers' Association and their friends wanted to charge?—A. The majority of the prices were lower.

Q. Well, were these papers that you wrote to, these newspapers, and publishers that you wrote to, papers about the same standing as your own?—A. Yes, I picked out as far as possible, papers of about the same circulation as the *Journal*.

Q. Do you remember, speaking from memory, and subject, of course, to verification, by the letters, do you remember the prices that were quoted by any of these publishers?—A. Yes, I think I can give you them all.

Q. If you can give us them, it would be all right?—A. Two papers, I think, were quoted at two dollars and sixty-five cents per hundred pounds; one paper was quoted at two dollars and sixty cents; the other papers—four or five, were lower than the Canadian combine prices. One was at two dollars and forty cents, one at two dollars and twenty-five cents, one at two dollars and fifteen cents, and one at two dollars.

Q. Per hundred pounds?—A. Yes.

Q. So that according to your information, these figures would show that at least four out of seven papers of New York State paid less for paper than the price fixed in Canada by the Paper Makers' Association?—A. Yes.

Q. That was in New York State?—A. Yes.

Q. Do you remember the names of any other agents of paper companies who called upon you, quoting these advanced prices, or making any reference to this agreement, or alleged combine. You have given us Mr. Gascoigne; you have told us about Mr. Eddy and Mr. Rowley?—A. I had a conversation with Mr. Alger, the managing director of the Laurentide Pulp Company.

Q. Did he give you any information in the same line?—A. We were talking contract and he simply made a remark during the conversation that his price must be two dollars and fifty cents, which was the price of the Paper Makers' Association.

Q. His price must be two dollars and fifty cents, that being the price of the Paper Makers' Association?—A. Yes.

*Cross-examined by Mr. White, K.C., representing the Paper Makers' Association:*

Q. Mr. Ross, you are a member of the Canadian Press Association?—A. Yes.

Q. An officer?—A. No, not at present.

Q. Have you been an officer?—A. Yes, some years ago, I was vice-president.

Q. You have taken an active part, I understand, in the negotiations and proceedings which led up to this Commission?—A. Well, I have promoted an inquiry as far as possible.



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Q. Were you the mover of the resolution at the meeting of the Association which was held?—A. No, I was not present.

Q. Is there anything in writing; have you put any statement in writing making other specific charges than those you have mentioned, before any public body, or before the government, for instance?—A. No, I did not.

Q. Are you aware of any such statements being made, any other statements being made than those you have referred to?

WITNESS.—By myself?

Q. Yes, or by the Association; I am speaking now of the Press Association?

Mr. KING, K.C.—With respect to what?

Mr. WHITE, K.C.—The matter in question?

A. All I am aware of was the last annual meeting this year; they forwarded a complaint to the Government.

Q. Can you give us any further particulars with regard to these matters that you have mentioned as having emanated from the Press Association to the effect that they lay before the Government, for instance, at the meeting at which you were present?—A. I can give you nothing of the information at the meeting with Mr. Fielding.

Q. Do you know of any affidavits as having been presented to the Government?—A. I am not aware of any having been presented to the Government.

Q. What requests accompanied the statements made by the Press Association; what was the object of the deputation beyond the present inquiry?—A. I think the object of the deputation is to secure the abolition of the Customs duty, and we hope to get in cheaper paper from the other side.

Q. From the United States?—A. Yes, or from England. One of our members stated we could get cheaper paper from England, made out of Canadian pulp.

Q. Now, when was that contract which expired in January made?—A. It was made, I think, about a year previously. It was a contract for one year.

Q. Had you been contracting before that?—A. Yes, for several years.

Q. At what prices?—A. I would not be positive, but I think our last previous prices to that were two dollars and twenty-five cents or two dollars and thirty-five cents.

Q. Was that the year before?—A. Yes, I speak from memory only.

Q. As a matter of fact, you are aware that the price previously had been fluctuating considerably?—A. Considerably, yes.

Q. And these fluctuations occurred within comparatively short periods?—A. When you speak of fluctuations, my knowledge is only one way; the price of paper has been decreasing ever since I have been in business.

Q. You have been in business how long?—A. As a publisher, about twelve years.

Q. You state that during that time?—A. I have never known of a contract having been made at a higher price than the previous year.

Q. Your information then is that this Canadian Paper Makers' Association was formed in February of nineteen hundred?—A. I judge that simply from the published statement and from my own information that it was formed about that time. I don't know how much earlier it might have been.

Q. Will you give the names of these papers in the United States to which you have referred?—A. I do not think I am at liberty to do that, because the letters are marked 'Confidential.'

Q. It is not necessary to mention the price which one is paying—you have mentioned six or seven of them?—A. I could not give you it off-hand, but I think I can furnish a list, which I can give to the Judge.

The COMMISSIONER.—We might have that information after lunch?

The WITNESS.—The letters are in Toronto.

The COMMISSIONER.—You can send me the letters; I will keep them confidential.

*By Mr. White, K.C., continuing :*

Q. You speak of the circulation being about the same as your own ?—A. Yes.

Q. What is that ?—A. Eight or nine thousand.

Q. In some cases they were paying two dollars and seventy-five cents, while you were paying two dollars and fifty cents ?—A. Yes, two dollars and seventy-five cents.

Q. You say you made further inquiry after you failed to make a contract with the Eddy Company at your former price ; please state what manufacturers of paper you applied to ?—A. I remember the Canada Paper Company ; I do not remember any other just now. I think I applied to a large number ; in fact, after the Eddy fire, we applied to every paper manufacturer whose address we could get in Canada.

Q. Was the price quoted a uniform one ?—A. We received no lower price than two dollars and fifty cents ; we were quoted some higher prices, very much higher.

Q. Have you any information, or is it to your knowledge, that all of the manufacturers you applied to were members of this alleged combine or association ?—A. No.

Q. You know nothing of that ?—A. No.

Q. The only one of the manufacturers who informed you that he was a member of the Association was Mr. Eddy ?—A. Mr. Alger did the same thing.

Q. Apart from that you have no knowledge of the membership ?—A. Well, Mr. Hall, traveller for Eddy Company, told me he believed that practically all the paper mills in Canada were in the Association.

Q. Without specifying who they were ?—A. Yes.

Q. What did Mr. Alger say to you ?—A. I think the only remark that I recall of Mr. Alger's was, that his price must be that fixed by the Paper Makers' Association.

Q. Did he state he was a member of the Association ?—A. I am not positive about that. The reason I am not positive is that one of his agents had stated that to our firm before, so whether he made the statement or the agent, I do not recall.

*By Mr. King, K.C. :*

Q. Do you remember any agents or travellers for any of these paper manufacturing companies that called upon you ; you may not remember their names, but do you remember the fact of their calling on you ?—A. Personally, I did not see any of them at any time, except Mr. Hall, because our secretary-treasurer transacted the business with them.

Further examination of this witness is reserved until he produced papers referred to in his deposition.

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LOUIS JOSEPH TARTE.

*Examined by Mr. King, K.C., representing the Press Association.*

Q. Mr. Tarte, you are a newspaper publisher, and reside in Montreal?—A. Yes.

Q. What paper are you the only publisher or sole proprietor of?—A. I am the president and manager of La Patrie Printing Company, which prints *La Patrie* daily; We also publish a weekly paper, *Le Cultivateur*, and I am also one of the co-partners of the L. J. Tarte Frères Printing Company, which prints different papers, and does general jobbing.

Q. So that you are largely interested in the publishing business, I suppose, in the price of paper?—A. Of course.

Q. Now, will you tell the Court here, will you kindly make a statement of facts and circumstances which have come to your knowledge, which have led you to believe that there was a paper combine for the purpose of unduly enhancing the price of paper?—A. Since about ten years that I have been in the printing business, of course I follow the price of paper very closely. In the last three or four years, before April last, nineteen hundred, the prices of all kinds of paper had been going down steadily; in fact, papers that we were paying five or six years ago five cents a pound, I have been buying in my office quantities at prices from one dollar and seventy cents to one dollar and eighty-five cents, hardly over two cents. In the month of April last Eddy's mills were burnt. *La Patrie* was under contract, and so when L. J. Tarte and Frères were under contract for several months still, I was getting paper for my daily paper and for my weekly paper, *Le Cultivateur*, at something a trifle below two cents delivered in any quantity, less five per cent, thirty days or four months. When these mills burnt I had only a very limited supply of paper. I telegraphed all over Canada, to all the paper makers of Canada, to get their quotations.

Q. That was after the mills were burnt?—A. That was the day they were burning. I telegraphed to every mill in Canada, and got only one or two replies. I telephoned to some of the mills that have offices in Montreal. I was told by some of them that I would get quotations in a day or two, but that the prices were uniform prices, that the Eddy mills having been burnt down they did not know what the association would do.

Q. What association?—A. I don't know what association. Of course I was talking to travellers and representatives of houses, to managers of the Canada Paper, &c., which names I can give.

Two or three days passed and different paper manufacturers' representatives and managers themselves called at my office. I had been informed from time to time before from the paper makers themselves that the price of paper would be going up shortly, and inviting us, inviting my house to give orders for the future. That was sometime in January, or December, one thousand eight hundred and ninety-nine, and in January, nineteen hundred. I had been told that since two years; of course I would not believe it, because I could not understand why the price of paper was steadily going down at that time actually, in January, nineteen hundred, when I was paying the Eddy Company something less than two cents for my paper. I bought paper at these times at one dollar and seventy cents; I bought some also at one dollar and eighty cents, and one dollar and eighty-five cents from different mills. I bought paper from the Lincoln Paper Mills; I bought it from the McArthur Company.

*By Mr. White, K.C.:*

Q. Lincoln at one dollar and eighty-five cents?—A. I could not tell you, but it was below this price.

*By Mr. King, K.C.:*

Q. When was that ?—A. It was in January, nineteen hundred ; we bought paper at prices below two cents, and I found out that I could have bought for all the money I could have got in the Bank of Montreal below two cents ; that was in January, nineteen hundred. Well, when I came to make my contract, when I came to get paper from the mills, I was informed that the paper makers had joined into an association, and that the price by carload for my paper would be two dollars and fifty cents. In fact, the Laurentide Pulp people, who came to see me, through their representative, Mr. Alger, who was then secretary-treasurer and manager of the company, and by Mr. Gascoigne, who was the representative, quoted me above two dollars and fifty cents, telling me at that time that they could sell more paper than they could manufacture, and that they could not sell me paper less than that.

Q. Why?—A. Well I could not find out why at that time, but when I made my contract with them a few days after ; when I made my contract with the Laurentide Pulp Company a few days after, which contract exists with them still,—when they came to the question of fixing up the details,—of course I had to give them my contract, because after applying to all the paper manufacturers of New York, and having gone to New York myself, after having gone in many States, after having spent hundreds of dollars in cabling to Vienna, in Austria for paper,—I may say that at that time I was offered paper delivered in Montreal below two dollars and fifty cents ; I was offered paper here by the agent of the Austrian house below two dollars and fifty cents.

Q. What was the difference in price that was quoted to you after the paper makers' association was formed, and before that, what was the difference ?—A. I was paying below two cents, and when the time came to make the contract, and after the increase, I had to pay two and a half, and that without any discount and without any delay for payment.

Q. Two dollars and a half per hundred pounds ?—A. Yes. I made my contract with the Laurentide Pulp Company, and when the time came to fix up the details, up to that time the paper makers had been allowing us reductions for the wrappings off these rolls, which amounts to twelve or fifteen per cent on rolls ; they had been allowing us for the white paper. Now, there is always a considerable amount of white paper wasted. I had been buying from almost every mill in Canada. All these mills used to take that back and allow me the price I paid for it. When I put that in the contract with the Laurentide Pulp Company I was informed by Mr. Gascoigne and Mr. Alger that the association had not provided for this, and that the rules of the association were so and so, and I must abide by them ; that there was no discount to be allowed for cash payment, that there was no discount to be allowed for white waste or for the wrappings of the paper. A few days after that,—this was sometime about the beginning of May,—

Q. What year ?—A. Last year.

Q. After the formation of the association ?—A. Yes. A few days after, I had contracted with the Laurentide people ; their sulphite mills were damaged ; the consequence was I was again in a fix, and had to look all over the country for paper again. I applied then to the Canada Paper Company, and Mr. Gillean,—

Q. Where are their headquarters ?—A. In Montreal. He came over to see me, and he told me it was out of the question. I said, I would like to give you part of my business, and take the whole contract if he liked at the association prices. He told me their mills were overloaded, that they had all the contracts they wanted, and that if I wanted paper it was out of the question for him to send me paper below the regular prices, and I should pay three cents for the paper. When I saw that, I telegraphed again to the several American newspapers. I sent representatives to see them. I was assured by some of them, by the International Paper Company, by the Otis Falls Mills and one or two others of the largest paper manufacturers in the United States or through New England, that if I

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wanted to do business, I had to go to the Laurentide Paper Company ; that they were affiliated with them: that there was an association of paper makers, and if I wanted paper, they could get it for me.

Q. That there was an arrangement between the Laurentide people and these paper makers in New England ?—A. That they had made an arrangement, that they had made the price uniform, that the Laurentide Pulp Company were not to compete with them in certain quarters of England against their price, that they were not to fight against one another in England too much, and according to that, as a reward for that,—

*By Mr. White, K.C.:*

Q. I understand that was by correspondence ?—A. No, sir, that is verbally—

*By the Commissioner:* Go on.

*Witness Continuing :* This is verbally and writing you know.

*By Mr. White, K.C.:*

We might have the letters produced, anything that is in writing.

*By Mr. King, K.C.:*

Q. You are speaking of your personal knowledge now ?—A. To my knowledge I went to New York several times.

Q. You saw the International and the 'Otis people ?—A. I had people see them, and I had, myself, telegrams that they were not to interfere in the Canadian business here; that they were to kind of reciprocate, and keep the prices up. To prove that this was true, two weeks ago Mr. Scrimgeour, representing the Manufacturers' Paper, came to see me. I said: 'What are you ready to quote us paper in Montreal delivered?' I told him I was paying two dollars and fifty cents, twenty-four hours' credit, and that without any discount, which I had never done before.

Q. Twenty-four hours' credit ?—A. I am still doing it ; I have no objection to doing it ; but when I made my contract with the Laurentide they told me that I was to pay them that way; they wanted to save the expense of keeping book-keepers, and they were getting cash, in getting the bill of lading to the Bank of Montreal for the paper they were shipping to England, and now they were not ready to give us any credit or discount, but I might add that since a few months they have changed their minds very much, and that to-day we can buy paper very much cheaper than combine prices.

Q. Where ?—A. Montreal. All over Canada. My experience is that the paper manufacturers have been trying to cut the throats of one another. For instance, we have had some cases of offers,—people offered us paper at the carload price when we were only buying five or six hundred pounds.

After I had made my contract, as I was saying before, with the Laurentide people, when I asked them to give me a reduction for the waste of paper and everything, I was told that there was an association, an understanding between the manufacturers, and they could not take that paper back, that I would have to pay the regular uniform price of two dollars and fifty cents, that it was out of the question for me to try to get paper.

Q. Who told you ?—A. Mr. Alger and Mr. Gascoigne told me; representatives of the Eddy Company told me.

Q. Did these gentlemen tell you they belonged to this Paper Makers' Association ?—A. No, they did not tell me that ; not themselves.

Q. Have you learned in any way that they are ?—A. I will tell you after ; you will see. After I had signed my contract with the Laurentide people their sulphite mills were burnt ; I telephoned over to the Canada Paper. One or two days after that, I asked for Mr. Gillean, whom I knew personally. I said: 'You should take into consideration the fact that some time ago I offered you

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my business. I am in a bad fix ; will you help me out ?' I said : 'Will you sell me some seventeen inch paper ? I have some large rolls in stock, and I want some seventeen inch.' He answered me. Those are exactly the words at the telephone. I said : 'At what price will you sell me?' and he said, 'I suppose you don't expect we will sell you paper below combine prices?' I said 'What is the combine price?' He said : 'It is two dollars and fifty cents, but you only asked me for a certain number of lots of paper ; it is not a carload ; we may have to charge you three cents, thirty days, three per cent, or three months.'

I bought certain quantities at three cents and took the thirty days, and got my discount for it, which was even better than the Laurentide Pulp people. Now, some time ago, as I was telling, Mr. Scrimgeour, of the Manufacturers' Paper, came here and told me that the Manufacturers' Paper had withdrawn from the combine, because a certain number of manufacturers of the United States were not abiding by the rules of the combine and they had withdrawn, and the combine of the United States was trying all in their power to kill them. He had seen my manager previous to that ; he can give his evidence too.

Q. What is his name ?—A. My manager, Mr. Chevrier. I asked him what were the papers in New York paying. He told me they were selling paper at one dollar and seventy cents, one dollar and eighty cents, one dollar and eighty-five cents, and one dollar and eighty-seven. He offered me paper at one eighty-seven, f.o.b. New York.

*By Mr. White, K.C.:*

Q. What time was that ?—That was about three weeks ago, as a matter of fact, in April. He offered me paper f.o.b. New York for one dollar and eighty-seven cents, or delivered in Montreal, at my office, at two dollars and forty-eight cents, duty paid and delivered as I wished, and undertook at the same time to have a store room in Montreal to supply me in case of accidents, and give me rolls in quantities which I would need, at my option. That was for a better grade of paper than the paper I am getting to-day at two dollars and fifty cents. Now I had several conversations with the gentleman, and I told him,—of course I don't care for a small saving like that, which amounts to twelve or fourteen cents per hundred pounds less,—to go and buy my paper in the United States. That was on the morning he came to see me, and he came back in the afternoon, and he had communicated with the house. I told him then at that time that some of the paper mills in Canada had already offered me prices ; two or three of the members offered to leave the combine prices and give me paper ; had used some other means to give me paper, so as to secure my business. I told him that. He made up his mind that he would make me an offer for one dollar and seventy cents.

Q. F. o. b. New York ?—A. Yes, and then adding seventeen cents for freight, and forty-five cents for duty, would bring down the paper below two dollars and forty cents per hundred pounds, and five per cent discount.

Q. Who was the man offered this ?—A. Mr. Scrimgeour, the representative of the Manufacturers' Paper. He is in the Times building in New York. I asked quotations from the railway company the same day, which corroborated the evidence that the freight was seventeen cents for print paper. Well, since that time I have been buying paper at the combine prices, and without any notification, since a few months we have been told by representatives of these houses, of the Canada Paper, that the rule of the paper makers, of all the papers in Canada, that manufacturers had decided not to keep up the combine for Manillas.

Q. What kind is that ?—A. Yellow papers for general railway work or high grade work.

*By Mr. King, K.C.:*

Q. For stores ?—A. Yes, and for everything ; there are white and yellow Manillas ; there are all kinds of Manillas,—that they had decided not to keep up any longer the

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combine on Manillas. I made up my mind to go to Ottawa, and have an interview with the Eddy Company, about the fifteenth of April last, so as to find out, as I told their manager here, whether the Eddy Company intended to remain in the combine. I told him I felt disposed to go back and give them my business, since I had been doing business with them ten or twelve years. I had an interview when I was in Ottawa with Mr. Rowley, with whom I have always done business and signed my contracts in the past. I told him: 'Mr. Rowley, I have been trying to get the government to take into consideration the interests of the publishers, and I feel very much that you will have great trouble in keeping up your combine.' Mr. Rowley said: 'Mr. Tarte, there is no combine, but we have an association.' 'Well,' I said, 'I don't know; I am not versed enough in English; I don't know what to make of the two. I don't know what the is difference.' I asked him if the price of the news print was to be kept up. He said: 'Decidedly.' It was better for me to contract at the present price; that the paper would come up. I told him my contract with the Laurentide would expire in a few months, and I did not feel disposed to continue at the price I was paying, and I was informed by him at that time that their company did not care at all about the other papers; they did not care to keep the price of Number Three print up, the regular print.

I told him at that time: 'Since you have an association, for several months, we have been buying paper below the price that your association has fixed. We do it in all kinds of ways. For instance, a house sells me a certain quality of paper, weighing fifty or sixty pounds a ream. If they are very anxious to get the business they will bill me fifty or sixty pounds a ream.' Mr. Rowley said: 'I do not care about that, but that the news print price must be kept up.' I ended my interview with Mr. Rowley. I told him I would consider it, and Mr. Rowley told me: 'It is to your interest to buy your paper at the actual market price, because big papers like you can afford to pay the price, and you are keeping small papers out of the way.'

Of course there are things which I probably should not say, but as this combination has cost me fourteen thousand dollars this year I am perfectly willing to go ahead with it.

Last year, I may add, I informed the government. I made several trips to Ottawa and informed the Premier and the Minister of Finance, that the paper makers had combined, and that I did not know of any mill that was willing to come here. I told the Minister of Customs, then I told the Premier that if the duties were lowered for three months,—I made request in writing to have the duty lowered—I could have got paper from Vienna, if the duty had been lowered for two or three months, to give these mills that were burnt, time to be re-built, and let us have paper at a reasonable price. I may say that during that time when these mills were burnt down I paid four cents a pound, for which I would not give one and a half cents to-day.

Last year the government told me that they would consider the thing, but being late in the session, and being a serious precedent to create, they would not do anything.

Last year I asked quotations from the Lincoln Paper Mills, the Canada Paper Company, Laurentide Pulp Company, the McArthur and the International. Then I had inquiries from the Otis Falls Mills and every company in New York, I might say, and I forget the name of the Austrian company which furnished me quotations by cable. I took an option for one thousand pounds, I think, during ten days, from Austria last year.

A very important manufacturer told me some time ago, in Montreal, in the presence of one of his employees, that he was under control, that he had made a deposit,—I cannot say whether it is three or five hundred dollars,—but that he could not, under any circumstances, sell me paper below the ordinary prices, but that he was very anxious to get my business, and if I could suggest some way for him to get out of it, to tell it to him, and I said: 'Since one year I have been doing all kinds of things; and he suggested to me that he should make us a reduction, and give us some

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advertising in the columns of *La Patrie* to compensate the difference in the price, and he told me then that his paper was costing him something below two cents; it was costing him a little dearer than before, because not having the pulp, some of the big mills were trying to keep him down, but, however, if he was allowed by the association, he would think of certain things, and he would get out of the association to take my business.

*By Mr. White, K.C.:*

Q. Who is this, Mr. Tarte?—A. I don't like to mention it.

Q. What was the five hundred dollars for?—A. It was either three or five hundred, which would be confiscated if he sold below the combine prices. I have been told that by travellers of different houses.

*By Mr. King, K.C.:*

Q. Which they would forfeit if they violated the rules of the combine?—A. I was told that by the traveller of the Eddy Company and the manager of the Eddy Company.

*By the Commissioner:* You must give the name, if they insist on it, Mr. Tarte.

WITNESS.—The name,—that is the McArthur house of Joliette for one. He did not mean that he wanted to deceive the association. I must be well understood there. He meant to say that if he could find some way in which the association would be willing to agree to it,—that was the nature of the conversation with Mr. McArthur, because he told me he would consult the manufacturers' association.

The consequence was that there was some writing, and the answer was verbal.

*By Mr. White K.C.:*

Q. What is the date of that?—A. A very few days ago, since the inquiry was started. Now, I have been offered paper since the combine price has gone down, since Saturday a week ago. The combine price is two dollars and thirty-seven and a half cents, and I can get any terms I like. We can get three months, and we can get renewals after that. That is since three weeks.

Q. That is since this inquiry?—A. Well, I don't know.

*By Mr. King, K.C.:*

Q. You have letters, I suppose, and telegrams, verifying some of these statements made?—A. I will try to find them, but I can give the names of all the parties I had conversations with. I had the name of Mr. Herman Ridder.

Q. Do you know of anything else that you would like to add at present?—A. I have not had time to go to my office to get my letters, but all the papers I can file would be telegrams and a few letters, if I can lay my hands on them, but all the evidence I gave this morning is evidence I have obtained myself from talking to parties.

Q. If you have any letters or telegrams it is better for you to produce them when you are next examined in Montreal?—A. Yes.

*Cross-examined by Mr. White, K.C., representing the Paper Makers' Association:*

Q. Have you got the letters here that you referred to this morning?—A. No.

Q. Now, the evidence that you gave this morning, Mr. Tarte, was from your own personal knowledge and inquiries made by yourself from various manufacturers in Canada and elsewhere in connection with this business?—A. Yes.

Q. When did you find the price of paper become unsatisfactory?—A. Well, after the Eddy's mill was burnt.



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Q. After the fire in Eddy's mill?—A. After I was compelled to buy paper elsewhere.

Q. What contract had you at that time?—A. I had a contract for paper which was costing me less than two cents.

Q. What was the price?—A. Some thing less than two cents. I was paying two dollars and five cents, less five per cent, thirty days or four months less, I think, twelve or fifteen hundred dollars for some other considerations, which we deducted off the total amount of paper I bought during the year.

Q. How long had that contract been in force?—A. I had been buying paper from Eddy for years. I had been paying less than that before.

Q. But that particular contract, how long had that been in force?—A. For that price, about two years, I think.

Q. It was a written contract?—A. Yes.

Q. Will you produce this contract when you are producing your other papers?—A. I have no objections if it is not destroyed; I don't know whether I destroyed it; we usually destroy all these papers once a year.

Q. At the time that you made that, did you know what the other manufacturers were charging?—A. Yes, sir, some of the manufacturers,—I bought as low as one dollar and seventy cents.

Q. At the time you made that contract?—A. No, when that contract was going on, I had bought paper, carloads of paper now and then, from different mills at various prices from one seventy, one eighty, as far as I remember, to two dollars and fifteen cents. I did not pay more than two dollars and fifteen cents.

Q. At the time you made your contract, was it not made at the ruling prices in Canada?—A. There was no price in Canada; every one was trying to get the orders. One day I would buy at a certain price, and the next day, it would change; it was fluctuating, but not as steep prices as we are paying to-day.

Q. Now, did you make any inquiries as to other causes of this advance beyond the causes you state, of an association being formed?—A. I did not, but I was told by several paper manufacturers that they did not wish to sell paper at these low prices any more.

Q. Did they give you a reason for it?—A. Some of them.

Q. What were the reasons?—A. The manager of the Eddy Company told me one time, he said: 'Mr. Eddy has made up his mind that,'—Of course, Eddy's was burnt, and I asked them what was the idea of having formed an association and I was told by Mr. Hardisty who is the local manager here and also I think by Mr. Rowley, in Ottawa, that Eddy's made up their minds that they were going to make money now, that they were not making any money now, and that they wanted to make more than they had made in the past; it was time to make money.

Q. Were you aware at that time that the price of the raw material and pulp, and the wood had also advanced?—A. I made inquiries at that time from mills that were buying pulp. Of course, from memory it is pretty hard for me,—I know there was a slight advance in pulp at that time by the ton.

Q. And in other material that went into paper?—A. I don't know about other material.

Q. You made no inquiries?—A. The Laurentide people, I asked them what was the reason of the people coming from the United States and taking the pulp from the St. Maurice River and bringing it into the States and offering to sell it to us cheaper than they were selling here.

Q. Are you aware that when you spoke of these prices in the States, that they were not ruling prices, at which they were selling to their own people?—A. Yes, sir, they were ruling prices. I went to New York and when the paper people here were asking me two dollars and fifty cents, the people in New York showed me their books and they were paying lower than we were here.

Q. Did they show you the contracts?—A. No.

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Q. Did not you know, as a matter of fact, that these prices were made previously for several years, and they were getting the benefit of the prices when they were low ?—A. I did not inquire to that extent.

Q. Don't you know that these prices you quoted this morning as being paid by various journals in the United States below the market prices in the States were prices under contract ?—A. It might have been the case.

Q. Did you not inquire ?—A. No, I inquired from paper publishers that I knew, for instance, I inquired from some Buffalo papers and New York papers, the New York Stein Zeitung that uses a tremendous quantity of paper. The Buffalo papers were paying one dollar and eighty cents and one dollar and ninety cents.

Q. Don't you know it is the practice amongst large consumers to make large contracts for a number of years ?—A. Not in this country.

Q. In the States ?—A. No, because the careful publishers since four or five years would know enough not to make long contracts.

Q. Are you prepared to say that these prices you gave us this morning at which you say you could have got paper, that is, at one dollar and seventy cents, f.o.b., New York, that that was the market price in New York for local delivery ?—A. I could not tell you.

Q. Is it not a fact that these prices were given to you for delivery to Canada ?—A. It was quotations for my paper.

Q. Did you not know, as a matter of fact, that you could not have bought this paper in the States ; that you were getting slaughter prices as a matter of fact ?—A. I did not try it.

Q. Don't you know you were getting slaughter prices ?—A. I am prepared to say, because I have this fact before me, when I was offered paper at one dollar and eighty-five and one dollar and eighty-seven. I have a friend in New York who uses fifteen or twenty tons a day, who is paying one dollar and seventy in New York.

Q. You don't know whether that was under the old contract ?—A. No.

Q. You are not prepared to say that that is the market price in the States ?—A. No.

Q. So that you are not prepared to say you were not getting slaughter prices and not the regular market price ?—A. I am not prepared to say anything more than I have said. It was offered to me for delivery here.

Q. You made no inquiry as to the market price there beyond that what you could get it for, for yourself ?—A. I did make inquiries to a certain extent, because if I had not made inquiries, I would not have gone to the trouble to get representatives of American papers here.

Q. Are you prepared to say that the market in New York is higher or lower ?—A. I cannot tell you, but I was thinking that I could do better in New York and my predictions were fulfilled.

Q. Have you any idea of the market price of paper for home consumption in the United States since February, nineteen hundred, and if so, are you prepared to say it was higher or lower than the Canadian price ?—A. I have this knowledge ; I know that paper in the United States,—I know that paper went up in the United States during the last year, during some period of time, and for this reason that I explained this morning, I had been told by some of the representatives of Canadian mills that American mills had united to combine prices also.

Q. You are aware that during last year, at least since February, nineteen hundred, the price of paper did advance in the United States ?—A. I don't know to what extent the paper did advance.

Q. Did it advance in Canada ?—A. Of course, I had no other means of informing myself in New York. Of course, this is a private matter. I have friends in New York and in different places in the United States that publish papers, and I went to see them, and they gave me the information they could give me. I made inquiries and asked the American manufacturers to supply me with paper last year, but

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a very funny thing happened. I telegraphed to some of the paper mills, and their answer did not come from them ; their answer came from the Canadian mills here, the Laurentide. I telegraphed the New York International Paper, and instead of coming from New York, the answer came from Grand Mère the next day, or from Montreal, or from Ottawa, I think.

Q. You are not prepared to say that the Association, which you say exists, has any arrangements with the International Paper Company ?—A. I don't know that as a matter of fact.

Q. You would be very much surprised if they had no arrangement whatever ?—A. I am never surprised at anything.

Q. While the price of paper was advancing in the United States during last year, is it not a fact that it remained uniform in Canada ?—A. I cannot say that, because I got soaked terribly last year ; it cost me fourteen thousand dollars last year.

Q. When did you make your contract ?—A. In April or the first day of May.

Q. At what rate ?—A. At two-fifty, net, twenty-four hours' credit, no discount.

Q. Has the price increased since then, or is that price still in force ?—A. The price is gone down.

Q. Is that contract still in force ?—A. It is. I have a few months more, but I can get great deal better terms to-day.

Q. You might have that contract produced also ?—A. Yes.

Q. Now, when you applied, as you say you did, in England, I think, or in Vienna, were the quotations which you then got for shipment to Canada, for Canadian delivery or delivery there ?—A. We got cables. Of course, this is out of my memory a little, but I know I would have saved a few cents.

Q. Did you make any inquiry as to current prices there at that time ?—A. I am not a commercial agency, you know. I was looking out for myself.

Q. You are not prepared to speak, Mr. Tarte, as to the ruling market price for home consumption ?—A. I may add, if I was getting paper from Vienna, I would get an inferior grade of paper, but I took this means so as not to be choked, for the simple reason that when the Laurentide came here, they were about the only people willing to give me paper, because all the other people were crowded with orders, and the first conversation they had with me, they were talking of making two or three contracts, and I did not want to be tied up, and that is why I looked to Vienna and all over.

Q. When you inquired, when you telegraphed the Mills, did not you find that all the mills were full up with orders, and unable to take your order ?—A. That is what they said, at the price I was willing to pay. If I paid three cents—I got paper at three cents ; I bought trash ; the paper was not worth two cents. Now I can get it much less. I got some at three, four and five cents ; I filled up my cellars with all I could store, at any price. I wanted to get paper and to be able to look around and make more advantageous contracts.

Q. At that time, according to your information, the Association price was two and a half cents ?—A. Yes, that is what I was told by the manufacturers themselves ; that was the minimum price per carload.

Q. We would like to get these letters before we go any further ?—A. I can produce my paper contract ; anyhow, the paper contract I had with the Eddy people, they will be able to produce it if we cannot find it. I think we destroy everything once a year, but the price was two dollars and five cents, less a consideration of twelve or fifteen hundred dollars, advertising ; five per cent, four months or thirty days, which brought down my paper below two cents. In fact, the Eddy Company will acknowledge that. The Eddy Company owe me several carloads of paper which they are paying me back to-day, and I am getting paper from the Eddy Company to-day to finish the balance of my contract at the old price, less than two cents.

The further examination of this witness is reserved pending the production of correspondence, &c.

## EVIDENCE TAKEN IN TORONTO, 4th JUNE, 1901.

EDMUND L. YOUNG.

*Examined by Mr. Barwick, representing the Press Association.*

Q. Mr. Young, you were and are an officer I think in the employment of the Consolidated Pulp and Paper Company?—A. Yes.

Q. Was your firm a member of the Paper Association?—A. Yes.

Q. What is the name of that association—your company was a member of that association?—A. I suppose it would be the Paper Makers Association.

Q. Your company, what business did it carry on?—A. Well, it carried on the manufacture and sale of paper.

Q. These mills, I understand, outside of Toronto, and even these large warehouses in Toronto where you carry a stock of paper are controlled by your company?—A. Yes.

Q. When did the company become members of the Paper Makers Association?—A. I think as near as I can remember about January, about the first of January.

Q. January of this year?—A. Yes.

Q. Who were the officers of the Paper Makers Association?—A. Well, I could not tell you that hardly.

Q. Never mind their names—do you know any officers? Look around the court and see if you see any officers?—A. I suppose the secretary of the firm of Jenkins & Hardy.

Q. Mr. Hardy is the secretary?—A. Yes, I suppose so.

Q. Do you know?—A. Yes, he has been.

Q. Mr. Hardy, of the firm of Jenkins & Hardy?—A. Yes.

Q. Mr. Hardy, who is sitting in court to-day?—A. Yes.

Q. What was your position in the Consolidated Pulp and Paper Company?—A. I had charge of the sales department.

Q. Were you ever at any of the meetings of the Paper Makers' Association?—A. Yes.

Q. Where were they held?—A. There was one held in Montreal and one in our city here.

Q. One in Toronto?—A. Yes.

Q. When you became a member of the association, or your company did, through whom did you make your application for membership?—A. Through the secretary of the association.

Q. Through the secretary, Mr. Hardy?—A. Yes.

Q. Did you make the application personally?—A. No.

Q. Was the application made in writing?—A. I could not tell you that.

Q. Who made the arrangement under which your company became a member of the association?—A. I expect it has been the secretary. I could not tell you.

Q. You expect it was the secretary?—A. Yes.

Q. Of your company?—A. Yes.

Q. Who was he?—A. W. C. MacKay, at that time.

Q. He was the secretary?—A. Yes.

Q. He it was who probably made the arrangement?—A. Yes.

Q. Was the application signed on behalf of your company, who joined it?—A. I don't think so. I would not be positive on that point, but I don't think so.

Q. Was a letter written applying for membership?—A. Not that I know of.

Q. Mr. MacKay could tell us that?—A. I suppose so.

Q. Mr. Poole, too?—A. I presume so, yes.

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Q. Mr. Poole was the president?—A. Yes.

Q. And Mr. MacKay was the secretary?—A. Yes.

Q. Had this Paper Makers' Association by-laws and constitution?—A. Yes.

Q. Did you ever see them?—A. I have seen them, yes.

Q. Seen the by-laws?—A. Yes.

Q. Were they printed?—A. Well, typewritten.

Q. Have you got a copy of them?—A. No, I could not say so. I don't know.

Q. The papers of your company are now in the possession, I understand, of Mr. Clarkson?—A. I believe they are.

Q. The company has gone into liquidation, and all its papers are in the hands of Mr. Clarkson?—A. Yes.

Q. Who showed you the by-laws of this association?—A. I would not say.

Q. Did you bind yourself by oath not to say anything about it?—A. All of the by-laws that I have seen were the minutes of the meeting as they were read.

Q. You said 'by-laws' by mistake?—A. I presume so. I mean the by-laws that were kept at each meeting as it went along.

Q. Resolutions and rules passed at each meeting?—A. Yes.

Q. Were they put into writing?—A. Typewritten.

Q. They were typed at the meeting?—A. I expect they were.

Q. You heard the resolutions passed, and heard them read out?—A. Yes.

Q. Were they put into a book?—A. I could not tell you.

Q. Did you see them loose or put into a book?—A. They were loose.

By Mr. WHITE, K.C.—I think we might shorten this examination very much. Mr. Hardy has been produced to submit this contract of the association. We do not deny that an association does probably exist. There is no question about the existence of an association.

Mr. BARWICK, K.C.—Have you got the minute book now?—A. We do not propose to produce it except we are ordered by his Lordship to do so. We will admit the prices of news print as fixed by the association, and I submit that I think your Lordship will hardly order the production of the papers.

By the COMMISSIONER.—It is a very important document if it exists.

By Mr. BARWICK to Mr. WHITE—Will you allow me to see the contract?—A. Yes.

This is an agreement produced by Mr. Hardy, the secretary of the Paper Makers' Association of Canada, produced as Exhibit P—4.

The further examination of this witness is here suspended to allow Mr. James Hardy to produce the contract in question.

And Mr. Hardy having produced the said contract, the further examination of the above witness is resumed, as follows:—

Q. Mr. Young, the Consolidated Pulp and Paper Company became members of the Paper Makers' Association, as we see, and paid \$500, I understand. Had you anything to do with that payment, or was that payment arranged by Mr. Poole, the president?

By Mr. WHITE, K.C.—Your Lordship, the payment is admitted.

*By Mr. Barwick (continuing :)*

Q. Who arranged the payment, you or Mr. Poole?—A. I expect, Mr. Poole arranged it.

Q. What meetings of the association were you at?—A. I was at one in Ottawa I think. I could not remember exactly—in December I think. In Montreal, in January, as near as I can remember. I would not be positive.

Q. Montreal in January, and Toronto?—A. Sometime in May, early in May.

Q. Now, were those quarterly meetings, or were they special meetings you were at?—A. I could not say; I do not know.

Q. How did you come to attend? Were you invited to these meetings?—A. Yes, we were invited by the secretary of the association.

Q. Were schedules of prices fixed at these meetings?—A. They were talked over—yes.

Q. And the documents or schedule of prices I suppose were in writing?—A. Yes.

Q. Who had them—Mr. Hardy?—A. He had the schedules of the prices.

Q. Were the schedules of prices voted on and adopted at the meetings?—A. Yes.

Q. And were these schedules of prices sent you afterwards?—A. Yes.

Q. Were there any reports made to these meetings that you went to of infractions of the rules by members of the association?—A. I think there were. I don't remember just what they were.

Q. There were some?—A. There were some, of course.

Q. And any reports made of the amount of money the secretary had divided up in the shape of fines amongst the members in good standing?—A. No, I don't know of that.

Q. Did your company ever get any share of the fines?—A. No.

Q. Was your company fined?—A. No, we stuck to the rules.

Q. Were any reports of infractions made at these meetings?—A. I don't remember.

Q. You don't remember that?—A. No.

*Cross-examined by Mr. White, K.C., representing the Paper Manufacturers' Association:—*

Q. You say that the papers of your company are now in the hands of the liquidator?—A. Yes.

Q. And your company is in liquidation?—A. Yes.

Q. When did you go into liquidation?—A. Saturday.

Q. Of last week?—A. Yes.

Q. And up to that time you say you maintained the prices fixed by the Paper Manufacturers' Association?—A. Yes.

Q. What were these prices for news print?—A. Well the prices now of course vary according to quantities.

Q. During the past year what has been the price fixed by the association for news print?—A. They have been changed from time to time.

Q. Give us the last price?—A. The last prices are not cared so much for; the last price is \$2.37½.

Q. What discount?—A. Three off thirty days.

Q. In carload lots?—A. Yes.

Q. In less than carload lots?—A. There is 12½ cents extra. That is what it is as near as I can remember.

Q. That is delivered?—A. Yes.

Q. Delivered to the customer throughout Canada and Newfoundland?—A. In the particular shipping centres or points.

Q. Now, what were the prices before that, and when were those prices changed do you know?—A. They were changed I presume at the last meeting about a month ago.

Q. Previous to that what was the price?—A. It was 12½ cents a hundred higher.

Q. That was \$2.50 a hundred?—A. No, 12½ cents a hundred.

Q. Higher? That is, the price would be \$2.50 with the same discounts and the same deliveries?—A. The same deliveries.

Q. And you say that you maintained those prices?—A. Yes.

Q. Did you sell higher?—A. In a good many cases we sold higher.

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Q. How do you explain the liquidation of your company?—A. I presume our mills were not—

Q. Did you make a profit at those prices—A. No.

Q. You made no profit at those prices?—A. No. Our mills showed a big loss.

Q. Well then was the price \$2.50, the price fixed by the association, a price that gave you an abnormal profit, or did it give you any profit at all?—A. In our experience it made a loss.

Q. In your experience, if you stuck to the association price, you made a loss?—A. Yes.

Q. You did not get back your manufacturing cost?—A. No.

*Re-examined by Mr. Barwick, K.C. :*

Q. Was that the reason you failed?—A. Well that is one of the reasons.

Q. I understood the reason you failed was that you had too little capital; you had about \$12,000 cash capital in your business?—A. I am now only judging from the statement that was presented from the accountant.

Q. I understood from the statement put forth to the world previous to the liquidation, that the reason you failed, that you went to smash, was that you were trying to do \$100,000 worth of business on \$12,000 capital?—A. I don't know. I am not an accountant.

Q. You don't want his Lordship to understand the reason your company went to pieces was because you were compelled to sell at low prices. You don't want his Lordship to believe that?—A. I don't know, I am only speaking according to the statement which was presented.

Q. Do you want his Lordship to understand that the reason you failed was because you were selling paper at too low a price?—A. I presume if we sold at higher prices we would have made much more money.

*Re-cross-examination by Mr. White, K.C. :*

Q. Did not Mr. Poole make a statement on Saturday with regard to the loss on news print?—A. Yes.

Q. What did he say?—A. I could not tell you. I was not present.

**JAMES HARDY.**

*By Mr. Barwick, K.C., representing the Press Association :*

Q. You are secretary of the Paper Makers' Association of Canada?—A. My firm is.

Q. Your firm, Jenkins & Hardy?—A. Yes.

Q. And you produce the agreement of February 21, 1900, forming the association, and this is a copy of it?—A. Yes, I produce this as Exhibit P—4.

Mr. BARWICK.—Now, if your Lordship will allow me, I will read this document.

This agreement is made on February 21, 1900, between W. Barber & Brothers of Georgetown. It is between 26 firms and companies. Twenty-six parties there are, my lord, firms and companies, and the documents produced, after naming the parties, give the full details of the agreement.

Attached to the agreement are the following documents : 'In consideration of one dollar to us paid by the members of the Paper Makers' Association, we hereby become members of the association, and agree to maintain the prices and conditions of that

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association—the same dated February 21, 1900, as fully and entirely as if we had been one of the original parties thereto.

Witness our hand and seal this 18th day of January, 1901, &c., &c.

By Mr. WHITE—I might state, for the information of my learned friend, that there were no by-laws posted or by-laws contained in the agreement than those contained in the document just read. That contains all the rules and regulations.

*Copy of Agreement of Paper Makers' Association, filed as Exhibit P—4.*

In consideration of one dollar, to us paid by the members of the Paper Makers' Association of Canada, we hereby become members of the said association, and agree to maintain the prices, terms and conditions of the said association, as per agreement forming the same, dated February 21, 1900, or as the same may have been or may in the future be altered from time to time by resolution of the association, as fully and entirely as if we had been one of the original parties thereto.

Witness our hand and seal this 18th day of January, A.D. 1901.

(Sgd.) The Consolidated Pulp and Paper Co. (Limited),

JOHN M. POOLE, *President.*

Witness,

(Sgd.) R. J. DILWORTH.

In consideration of one dollar to us paid by the members of the Paper Makers' Association of Canada, we agree to become members of the said association, to maintain the prices, terms and conditions of the said association, as per agreement forming the same, dated February 21, 1900, or as the same may have been or may in the future be altered from time to time by resolution of the association, as fully and entirely as if we had been one of the original parties thereto.

Any member retiring from this association under the provisions of the agreement shall be entitled to receive back his deposit, if he is in good standing.

Witness our hand and seal this 26th day of March, 1900.

(Signed) ST. CROIX PAPER CO., Limited,

H. McC. HART, *Manager.*

Witness,

(Signed) F. A. YOUNG.

THIS AGREEMENT made this twenty-first day of February, one thousand nine hundred, between:—

1. W. Barber and Brothers, of the town of Georgetown.
2. Alexander Buntin & Son, of the town of Valleyfield.
3. The Canada Paper Co., Ltd., of the city of Montreal.
4. The Dominion Paper Co., Ltd., of the city of Montreal.
5. The E. B. Eddy Co., Ltd., of the city of Hull.
6. John Fisher & Sons, of the town of Dundas.
7. J. Forde & Co., of Portneuf.
8. S. A. Lazier & Sons, of the city of Belleville.
9. The Laurentide Pulp Co., Ltd, of Grand Mère.
10. Lincoln Paper Mills Co., of the town of Merritton.
11. Alexander McArthur & Co., of the city of Montreal.
12. Miller Bros. & Co., of the city of Montreal.
13. Northumberland Paper & Electric Co., Ltd., of the town of Campbellford.
14. The Ottawa Paper Company, of the city of Ottawa.



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15. Riordan Paper Mills Co., of the town of Merritton.
16. The Royal Paper Mills Company, of East Angus.
17. Reid, Craig & Co., of the city of Quebec.
18. The Rolland Paper Co., of the city of Montreal.
19. J. Stutt & Son, of West Flamboro.
20. St. Croix Pulp and Paper Co., of the city of Halifax.
21. Toronto Paper Manufacturing Co., of the town of Cornwall.
22. The Trent River Co., of Frankfort.
23. C. W. Thompson, of the town of Newburg.
24. The Thompson Paper Co., of the town of Newburg.
25. Taylor Bros., of the city of Toronto.
26. J. C. Wilson & Co., of the city of Montreal.

## WITNESSETH :

1. That the said parties do hereby form themselves into an association to be called and known as the Paper Makers' Association of Canada.

2. The object of the said association shall be the promotion of friendly business relations between the manufacturers, their agents and the trade generally, also for the regulation and maintenance of fair prices of paper, and for conference and mutual aid, with reference to purchase of supplies and the like. This agreement embraces all sales in the Dominion of Canada and Newfoundland, but does not embrace papers exported out of the Dominion of Canada, with the exception of Newfoundland.

3. This agreement is entered into until dissolved by mutual consent, but any of the parties hereto shall have the right to retire therefrom on giving three months' previous notice in writing to the secretary-treasurer of their intention so to do.

4. The officers of the association shall be a president, a first and second vice-president, and Messrs. Jenkins and Hardy, of Toronto, accountants, as secretary-treasurer, all of whom have been elected by the parties hereto to serve until the next annual meeting, or until their successors are appointed.

5. The duties of the president shall be to preside at the annual and other meetings of the association, and generally to perform the ordinary duties of president or chairman of such an association.

The vice-presidents, in order, shall perform the duties of the president in his absence.

The secretary-treasurer shall have charge of all books, papers and records of the said association. He shall also collect and receive all moneys due or payable to the association, which said moneys shall be deposited in a good chartered bank at the city of Toronto to the credit of the association. The secretary-treasurer shall make all payments required for the purposes of the said association out of the funds of the same. He shall keep the necessary books of account for the purposes of the said association. He shall have the right to call a meeting of the association and shall record shall also take the minutes of the meetings of the said association and shall record the same in the minute book and shall give all notices and sign all papers and documents required for the purposes of the said association and shall generally perform all the duties of such secretary-treasurer. He shall advise simultaneously by wire or post, as directed by the association, all members of the association, all resident or other agents or members of the association, and as far as possible, all travellers of any changes in the association prices and terms.

6. The regular quarterly meetings of the association shall be held in the city of Toronto within the first ten days of June, in the city of Ottawa within the first ten days of December, and in the city of Montreal within the first ten days of March and September, during the continuance of this agreement. The annual meeting shall be held within the first ten days of June in each year.

Special meetings of the said association shall be held at any time at the place mentioned in the notice thereof, upon a requisition signed by four members of the

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association. The secretary-treasurer (upon such requisition) shall give to each member of the said association at least three days' clear notice of said meeting, which said notice shall set forth the date, place and hour of such meeting, and the nature of the business to be transacted thereat. No other business shall be transacted at such special meeting than that stated in the notice calling the same, unless with the consent of all the parties of the association.

A committee meeting shall be held upon the requisition signed by one member of the association.

All notices of meetings shall be given by registered letter to be addressed to the address of the respective members, or by telegraphic message, at the discretion of the secretary-treasurer.

A corporation member of such association may be represented by one or two or three of its directors or by any duly appointed agent, but it shall only be entitled to one vote. Any member (other than the corporation member) may also be represented by any one, two or three duly appointed agents, but he shall only be entitled to one vote. Resident agents or travellers shall not be appointed agents under this clause.

A majority of the members of the association or committee shall constitute a quorum.

Any resolution adopted at any meeting of the association by a majority of the members then present, shall be binding upon all the parties hereto.

7. Each of the members shall be entitled to attend all meetings and to vote thereat, either personally or by proxy, appointed as provided for in clause six of this agreement.

8. The said parties hereto do each hereby (but so far only as relates to the act or defaults of themselves or those for whom they are respectively responsible) covenant and agree with the other parties hereto, as follows :—

(a.) That they, the covenantors, shall be responsible for the acts, defaults of and breaches of the provisions of this agreement, by their respective agents, travellers and employees of the parties hereto, and the agent, traveller and employees of the respective agents of the parties hereto.

(b) That they, the covenantors and the agent and others for whom they are respectively responsible, will conform to and abide by any resolution adopted under the provisions of Article 6 hereof.

(c.) That they, the covenantors and the agents and others for whom they are respectively responsible, will not quote, accept or book orders for, offer or agree to sell, or sell the goods covered by the agreement at lower prices or on better terms and conditions than those fixed by the schedule of prices annexed to this agreement or fixed by any schedule of prices which may be adopted by resolution of the association, under Article 6, in substitution for all or any of the said schedules hereunto annexed.

(d.) And that they, the covenantors, and the agents and others for whom they are respectively responsible, will not aid, abet, counsel, advise or procure any purchasers or intending purchaser or purchasers to evade, elude, escape from, or get around the provisions of this agreement, by suggestions of the consolidation of the order of two or more purchasers, or in any way whatsoever.

(e.) That they, the covenantors, and the agents and others for whom they are respectively responsible, shall not on any pretext consign goods covered by this agreement, nor allow nor pay any commission to any person whomsoever, except to a bona fide agent (who shall in no case be a dealer) whose name has been previously declared to the secretary-treasurer, nor sell, nor invoice goods covered by this agreement except in the name of the manufacturer, or, if bought by a member of the association from some other manufacturer, for the purpose of being re-sold, then in the name of the member re-selling the same.

(f.) That they, the covenantors, and the agents and others for whom they are respectively responsible, shall not (except as authorized by resolution of the association) either directly or indirectly resort or have recourse to any scheme or subterfuge

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whatsoever (such as the giving of presents or the giving of discounts on or deduction from, or reductions in the price of other goods, or the giving or promising of any kind of benefit or advantage whatsoever, or otherwise) as an inducement or aid, or which may operate as an inducement or aid, in the making of present or future sales of goods.

(g.) That they, the covenantors, and the agents and others for whom they are respectively responsible, will not directly or indirectly advise or notify their respective agents, travellers, employees, customers or other persons whomsoever, of the calling or holding of any special meeting of the association, or of any anticipated fall or rise of prices thereat, or at any other meeting of the association, and further, will not sell goods subject to a decline in price, and also will not sell goods to be delivered more than ninety days after the day the order for the same is taken, but any goods not shipped within the ninety days above named, after the order for the same is taken, shall only be shipped subject to, and shall be invoiced at, the price ruling at the date of shipment, with the exception of contracts for news print or periodical publications, for which contracts may be taken for a longer period than ninety days.

(h.) That they, the covenantors, will allow the secretary-treasurer at all times access to their books of account, papers and correspondence, to enable him to verify any statement made by any of the parties hereto, or to investigate any accusation made against them respectively, or by the agents and others for whom they are respectively responsible.

And the parties hereto do hereby severally promise, bind and oblige themselves, each in the penal sum of five hundred dollars towards the others of them, to strictly adhere to, observe and fulfil all the above agreements and obligations, and all rules, regulations, prices and discounts which may from time to time be resolved on or adopted by the association. And they further severally bind themselves to pay all penalties that may be imposed upon them under this agreement for any breach or violation of the same by themselves or their agents, or other persons for whom they are respectively responsible.

And to secure the payment of all such penalties when incurred, each of the parties hereto shall forthwith deliver to the secretary-treasurer an accepted cheque for the sum of five hundred dollars, to be deposited by the secretary-treasurer to the credit of the association in the Bank aforesaid. And the interest on all moneys deposited under this clause shall be accounted for to the members respectively, who shall have delivered such moneys to the secretary-treasurer as aforesaid, and such interest is to be placed to their credit in the books of the association.

9. On or before the fifteenth day of each month each of the parties hereto, and their respective book-keepers, and each traveller and each agent whose name has been declared to the secretary-treasurer, and the traveller of each agent (all of whose names must be declared to him forthwith) shall send to the secretary-treasurer a solemn declaration in the form 'A,' hereto annexed, that he has not, directly or indirectly broken or violated, or permitted to be broken or violated, the terms of this agreement, and is not aware of any such breach or violation. And any member failing or neglecting to send such declaration to the secretary-treasurer on or before the said fifteenth day of each month, shall *ipso facto*, become liable to a penalty of five dollars per day for each and every day such default continues. And a like penalty shall be exacted from such member for each statement to be made by his bookkeeper, traveller or agent, or by the book-keeper or traveller of his agent or agents, which such book-keeper, traveller or agent may fail to neglect to make, for each and every day such default continues. And the secretary-treasurer shall have the right to charge the amount of every such penalty so incurred by any such member against the amount in the hands of the association at the credit of such member.

10. On or before the fifteenth day of each month each member shall send to the secretary-treasurer of the association a statement in the form 'B,' hereto annexed, which shall contain a summary of all sales made by and for such member for the previous calendar month, and to be accompanied by a solemn declaration of such member.

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And any member failing or neglecting to send such statement on or before the said fifteenth day of each month, shall *ipso facto* be liable, and he hereby binds and obliges himself to pay a penalty of five dollars per day for each and every day such default continues. And the secretary-treasurer shall have the right to charge the amount of any such penalty against the amount standing at the credit of such members in the hands of the association.

11. The secretary-treasurer shall have the right to verify any statements made by the members of the said association by making such other inquiries as he may deem necessary, but the secretary-treasurer shall not make known to any one any part of the information which he may have so obtained, except when such member shall be found to have broken or violated this agreement, in which case the secretary-treasurer shall communicate to the association at a meeting, duly called, such details and particulars of such breach or violation as may be necessary, and the refusal of any member to allow the secretary-treasurer to examine his books and other papers relative to any matter covered by this agreement shall be considered a breach or violation of this agreement, and shall subject such member to a penalty of not less than fifty dollars or more than five hundred dollars.

If any complaint be made of the breach or violation of this agreement by any member, or his agents, employees or travellers, for the investigation of which it may be necessary to check the goods in the factory, or stores, or on the premises of such member, the secretary-treasurer shall have the right to place one or more agents in the manufactory of such member to investigate such complaint, and check the goods and effects therein, so far as may be necessary for the information of the secretary-treasurer, and to enable him to judge whether or no the provisions of this agreement are being faithfully performed, and to pay such agent or agents out of the funds in his hands belonging to the association.

12. If any member or his agents, or his or their agents, employees or travellers, shall be reported to the secretary-treasurer as having broken or violated any of the provisions of this agreement (the report giving particulars of such breach or violation so as to enable the secretary-treasurer to investigate the same), or if the secretary-treasurer shall discover any breach or violation thereof, the secretary-treasurer shall notify such member of such breach or violation, giving him particulars of the same, and such accused member on being so notified, shall furnish to the secretary-treasurer, written fifteen days thereafter, all evidence within his power, or under his control, that he has not, nor have such agents, employees or travellers, broken or violated any of such provisions, and the secretary-treasurer shall fully investigate the matter, taking and acting upon such evidence as he sees fit, and if he is not perfectly convinced that no violation has been made, he may further call upon the accused member, as well as any of his salesmen, agents, or clerks that he may indicate, to make affidavit or declaration in his presence, or in the presence of his duly authorized agent, and before a recognized notary public or justice of the peace in the Province of Quebec, and a commissioner or justice of the peace in any other province of the Dominion, to be selected by the secretary-treasurer, that the charges are false and incorrect. The failure on the part of the member or any of his employees to make such affidavit or declaration forthwith when requested to do so by the secretary-treasurer shall be considered as proof positive that the agreement has been violated ; and further if, in his opinion, the member complained of has or any of his agents, employees or travellers have, broken or violated this agreement, as charged against them, the secretary-treasurer shall declare and decide the same in writing, over his own signature, giving particulars of such breach or violation, and shall in such writing fine the accused member not less than fifty dollars and not more than five hundred dollars, at the discretion of the secretary-treasurer, for such breach or violation, and shall deliver a copy of such writing to the accused member, and such member shall thereupon be held to have incurred the penalty mentioned in such decision.

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Provided that any member upon whom such penalty has been imposed shall have the right to appeal within ten days to the association from the decision of secretary-treasurer. Provided always that any member not appealing to the association within the time aforesaid, shall be held *ipso facto* to have incurred the said penalty.

Provided also that in the event of the secretary-treasurer's discovering what in his opinion is only a clerical error in any invoice sent out by any of the parties hereto, he shall not enforce the penalty, but shall report the matter at the next quarterly meeting, when it shall be adjudicated upon.

13. As soon as any penalty has been established against any member as provided for in the preceding section, such penalty shall be charged by the secretary-treasurer against the sum of five hundred dollars deposited by such member and in the hands of the association, and the secretary-treasurer is hereby authorized by each of the members, parties to this agreement, to charge against such sum as may be to the credit of such member, the amount or amounts of the penalty or penalties which may be imposed on such member under the provisions herein contained.

14. Should the amount at the credit of any member of the said association at any time be reduced or become less than the said sum of five hundred dollars, by reason of any penalty having been imposed on such member, or otherwise, the secretary-treasurer shall at once notify such member of the said reduction and the amount thereof, and the said member shall forthwith pay, and he hereby binds himself and obliges himself to pay to the secretary-treasurer a sufficient sum to make up the amount in the hands of the association to the sum of five hundred dollars. Any member who within ten days after the mailing to him of such notices by the secretary-treasurer, shall not make up his deposit to five hundred dollars as aforesaid, shall pay a penalty of five dollars per day for each day during which he shall be in default, so to make up the said amount, all of which penalty shall be paid to the credit of the association from the funds in the hands of the association to the credit of such member, and such member shall be considered as not in good standing.

15. And the undersigned members of this association enter into this agreement in honour bound to fulfil its conditions, irrespective of any legal question or technicality.

16. All or any penalties imposed on any member as aforesaid shall be charged by the secretary-treasurer against the amount at the credit of such member as aforesaid, and shall be divided quarterly by the secretary-treasurer amongst the other members of the said association in good standing, except such member.

17. The secretary-treasurer of the association shall, in addition to the other duties hereinbefore assigned to him, be generally the manager and superintendent of the said association, and it shall be his duty to see that all statements and returns required by this agreement to be made by the members of said association and others, are duly made, and in the event of any member or other person deviating from the provisions of this agreement, the secretary-treasurer shall forthwith impose the penalty hereinbefore provided for any such infraction of the said provisions or rules, and his decision in the case of any such infraction of the said rules or provisions of this agreement shall be final and without appeal. He shall make the division of the penalties among the members according to Article 15, and shall render an account of the business at the end of the year.

18. The salary of the said secretary-treasurer is hereby fixed at the rate of \_\_\_\_\_ dollars per annum, to include both hotel and travelling expenses, payable quarterly by the members hereto in proportion to the value of goods sold by each. His engagement to terminate on the dissolution of the association, he being paid *pro rata* at the date of such dissolution.

And the parties to this agreement do hereby severally promise, covenant and agree with the said secretary-treasurer to hold him absolutely indemnified and harmless in respect of any moneys paid out by him by way of settlement or division of any penalties or forfeitures that may be exacted under this agreement.

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In witness whereof the parties hereto have hereunto set their hands and seals the day, month and year first above written.

(Sgd.)

Wm. Barber & Bros.

Alex. Buntin & Son, per Geo. M. Toy.

Canada Paper Company (Limited), Jno. MacFarlane, President.

Dominion Paper Company, W. Currie, President.

The E. B. Eddy Company (Limited), per E. B. Eddy, President.

John Fisher & Son.

Joseph Forde & Co.

Laurentide Pulp Company (Limited), Russel A. Alger, jr., Secretary-Treasurer.

The Lincoln Paper Mills, per W. D. Woodruff.

Alex. McArthur & Co.

The Miller Bros. Company (Limited), per W. T. Miller, President.

The Riordan Paper Mills, per Geo. E. Challes.

Royal Paper Mills Company (Limited), F. P. Buck, President.

The Rolland Paper Company, per S. J. Rolland.

Jas. Stutt & Son.

C. W. Thomson.

Taylor Brothers.

J. C. Wilson & Company.

Signed, sealed and delivered in the presence of

(Sgd.) S. T. FRAME, as to signature of Wm. Barber & Bros.

(Sgd.) T. HARDY, as to other signatures.

#### THE PAPER MAKERS' ASSOCIATION OF CANADA.

DECLARATION required by agreement, dated 21st February, 1900 :

I, \_\_\_\_\_ of \_\_\_\_\_ in the County of \_\_\_\_\_ do solemnly declare THAT I AM \_\_\_\_\_ for \_\_\_\_\_ one of the parties to the above mentioned agreement.

THAT during the month of \_\_\_\_\_ 19\_\_\_\_, neither I, nor, to the best of my knowledge and belief, any other person for or on behalf of the said party, did in any way whatever consign any of the goods covered by the said agreement to any person whomsoever on any pretext nor allow or pay any commission except to *bona fide* agents whose names have been previously declared to the secretary-treasurer of the said association, nor sell nor invoice the goods covered by the said agreement except in the name of the said \_\_\_\_\_.

That I have not, nor to the best of my knowledge and belief has any other person as aforesaid either directly or indirectly resorted or had recourse to any scheme or subterfuge whatever, as an inducement or aid, or which may operate as an inducement or aid in making present or future sales of goods.

That no goods covered by the said agreement have been sold by me, nor to the best of my knowledge and belief, by any other person as aforesaid (except to members of the said Association), at any lower price than those fixed by the said association, and in force during the said month of \_\_\_\_\_ 19\_\_\_\_, and that no rebates, discounts (except as allowed by the said association and then in force), drawbacks, allowances, or inducement whatever, have been made or allowed by me or, to the best of my knowledge and belief, by any other person as aforesaid, as an inducement to any person to purchase goods.

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That no goods have been sold by me, nor, to the best of my knowledge and belief, by any other person aforesaid, subject to a decline in price, for delivery, except as provided in clause 'g' of section 8 of the agreement.

And I make this declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of 'The Canada Evidence Act, 1893.'

Signed and declared before me }  
 at this }  
 day of A.D. 19 . }

THE PAPER MAKERS' ASSOCIATION OF CANADA.

REPORT OF SALES required by agreement dated 21st February, 1900

Sales made by		of
during the month of	, 19 .	
To other members.....	.....	\$
To all others.....	.....	\$
Making a total of.....	.....	\$

I do solemnly declare that the above is a true and correct statement of the sales of goods covered by the above named agreement made by during the month of , 19 , and that such sales were made at the prices and terms strictly in accordance with the terms of the agreement above mentioned, and I have personally verified the same.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of 'The Canada Evidence Act, 1893.'

Signed and declared before me }  
 at this day }  
 of A.D., 19 . }

JOHN M. POOLE.

*Examined by Mr. Barwick, K.C., representing the Press Association:*

Q. You are President of this Consolidated Pulp Company which has just failed?—A. Yes.

Q. It was through you that the company joined, that your company joined the Paper Makers' Association?—A. No it was not specially through me. I guess I signed the cheque. I suppose I signed the agreement. I am not sure.

Q. You signed the agreement?—A. Yes.

Q. John M. Poole, President, that is you?—A. Yes.

Q. Were you present at any of the meetings of the association?—A. No, I was not.

Q. Did you receive written advice of the proceedings of the meetings, of the prices adopted?—A. I think probably we did. I did not pay very much attention to that. It was generally handed to Mr. Young if there was anything.

Q. The advice of prices when they came in from the association would be handed to Mr. Young?—A. I am not positive that we got any advice of prices.

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Q. How did you learn that the price of the Paper Makers' Association had been fixed for you to sell at?—A. We knew what they were selling at long before we joined the association at all.

Q. Why did you join the association?—A. Well, we thought it would be a good thing.

Q. Was that the only reason?—A. That was one reason.

Q. What was the other reason?—A. We thought it would be a good thing to be a member of the association; the rest of them were members, and in the matter of getting supplies, buying stuff, there is a benefit.

Q. What do you mean in the matter of getting supplies?—A. One reason is we could store up our stock for members of the association.

Q. I don't understand that?—A. Not being a member of the association you would have to buy in carload lots, but being a member of the association we would buy a smaller quantity at the same price.

Q. Before your company was a member of the Paper Makers' Association, what did you pay?—A. We paid more than we did when we were members. We did not pay more, but we had to buy a larger quantity.

Q. That means about the same thing; you had to pay more if you bought small quantities?—A. We bought the larger quantity. The result was we would sometimes have to hold the stock too long.

Q. In order to get the advantage of the low prices you had to buy carload lots, and sometimes had to buy really much more than you wanted in order to get the advantage of the lower price?—A. Yes.

Q. How did you find out you could get your supplies at lower prices if you joined the association?—A. I found out through some things. I paid very little attention to that myself.

Q. Is it not a fact that you found out through Mr. Young that if you joined the association, you would gain this advantage?—A. Yes.

Q. Can you tell me the difference in price, what would it amount to; can you give me an idea of how much you would save?—A. No, I could not tell you.

Q. Who could tell me that?—A. Mr. Young could probably.

Q. And Mr. Hardy?—A. He might.

Q. Are you able to tell me practically what this saved you in money?—A. No.

Q. Who can tell in your company?—A. I do not know who can, without going into the figures.

Q. Who in your company can figure it out for me?—A. I suppose any one could. I could myself if I had the books and the time.

Q. Well, now, tell me how you would go about it, just show me how you would figure out for instance. How much is there in a carload lot of news print?—A. Twelve tons and sometimes more.

Q. Supposing you are ordering 6 tons, less than a carload lot before you were a member of the association, what did you pay for it?—A. We made all our own news, We did not buy any news. I could hardly tell you.

Q. Tell me any other kind of supply that you bought?—A. Brown paper. I have no idea what we bought.

Q. Brown paper, how much in a carload?—A. The same quantity.

Mr. WHITE, K.C.—I understand this inquiry is limited to the news print. I understood so because the investigation has been confined to news print, and the Press Association being the complainant, that is the paper they are interested in.

THE COMMISSIONER.—Yes, that is by Order in Council.

*By Mr. Barwick, K.C., continuing :*

Q. You have just been speaking of brown paper—brown papers are used exclusively in printing, are they not?—A. No.



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Q. Not at all?—A. No.

Q. Used as wrappers?—A. Yes, but it would not be called printing paper.

Q. Could not you print on it?—A. Oh, no.

Q. Do not newspapers buy brown paper from you?—A. I do not know of any newspaper buying it.

Q. Do you know of any printing establishments that buy brown paper?—A. Not for printing; they use it for wrappers.

Q. It is used for wrappers extensively, and printed addresses put on it?—A. I don't know about that.

Q. You never saw that done?—A. I suppose they do; they post labels on it. I have seen wrappers placed on brown paper.

Mr. WHITE, K.C.—This investigation really is directed towards news print, that is the paper on which the news is being printed. That is the complaint, because so far Mr. Ross went into the box—

THE COMMISSIONER.—I would be inclined to think that news print does not include brown paper.

Mr. BARWICK, K.C., *continuing*: I won't pursue that question for the moment until I get some more information.

*Resuming examination :*

Q. The company manufactures its own papers?—A. Yes, news print.

Q. Well, then you are a vendor in that respect with regard to that; you are a seller?—A. I suppose.

Q. Was it any particular advantage to you to become a member of this association in respect of your production of news print?—A. Not at all.

Q. The only advantage was in regard to other supplies?—A. Yes.

Q. The advantage in becoming a member of the association so far as you were concerned was limited simply to the other supplies?—A. Yes.

Q. What became of the circulars, and formal communications that came from Mr. Hardy to your company, Mr. Poole?—A. I did not see very many altogether—a few letters. I suppose the secretary would have them. They are filed with the ordinary correspondence; there were very few letters.

Q. They are on file in that company's office now?—A. I should think so.

Q. Easily accessible there?—A. Yes, I think so.

Q. Perhaps you will be kind enough to see what you have, and let us know what they are?—A. Yes.

*Cross-examined by Mr. White, K.C., representing the Paper Makers' Association :—*

Q. You joined this association in January of this year, 1901?—A. I am not positive of the date.

Q. Previous to that time were you aware of the association price for news print?—A. Yes, I think we were.

Q. You knew that the association was selling at \$2.50 in carload lots, with the usual discount?—A. Yes.

Q. After you joined the association you maintained their prices, did you?—A. Oh, yes.

Q. What is your opinion as to the profit that price gave you?—A. So far as we were concerned it did not give us any profit.

Q. Were you manufacturing pulp as well as paper?—A. No, just paper.

Q. You were large purchasers of paper, were you not, too, from other mills?—A. Yes, other lines of papers.

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Q. And I think you said in your examination in chief that the advantage you got in joining the association was that you could buy smaller lots at carload prices?—

A. Yes.

Q. As a matter of fact, Mr. Young, the last witness, has told us that your company sold at higher prices than the association had fixed?—A. Yes, in a good many cases we did.

Q. Did you make any estimate of the loss which your company made on news print the past year?—A. No, not specially on news print.

Q. Well on the association price for papers?—A. No, I could not say that we made an estimate of the loss. I know it cost us more to make than we got for the paper.

Q. Although you maintained the association prices throughout?—A. Yes.

Q. Mr. Thomson is an officer of your company, is he not?—A. Yes.

Q. Are you aware that he made an estimate of the loss on news print during the past eight months that your company made?—A. No, I am not aware.

Q. Did you hear him make any statement last Saturday at the meeting of creditors?—A. No, he did not make any statement with regard to the news print.

*Re-examined by Mr. Barwick, K.C.:*

Q. How long was your company in existence, Mr. Poole?—A. About 8 months—9 months.

Q. Its capital was how much?

WITNESS.—The capital paid in?

COUNSEL.—Never mind the paid in. What is the capital stock of the company?

WITNESS.—You mean the paid up capital?

Q. No; just the authorized capital?—A. \$500,000.

Q. And your paid up capital was \$12,000?—A. That was the amount of cash paid.

Q. And your liabilities at the end of 8 months were how much?—A. About \$168,000.

Q. This is pretty good on a cash capital of \$12,000, isn't it? You had one mill at Newburg?—A. Yes.

Q. A very old mill?—A. Well, it is an old mill.

Q. Valued I understand by Mr. Thompson at something like \$7,000?—A. I don't know what he valued it at.

Q. That is what you understand he valued it at?—A. He said he would give that for it.

Q. What were your assets when you got through?—A. I don't know what our assets were. They are valued at different amounts; so many people have different ideas as to what they are worth.

Q. What was the valuation at the meeting the other day?—A. About \$147,000.

Q. Nominal value, but what did the liquidators point out to the creditors they might hope to have for them?—A. I don't remember just what the figures were.

Q. Somewhere around \$40,000 was it not?—A. Something around that. These were his figures, they were not mine.

Q. So I should think the trouble to your company came from having too much credit, and not sufficient cash?—A. That came from different reasons. One reason was because it cost more to produce the stuff than we got for it.

Q. One reason was getting too much credit, and having too little money to run your business on?—A. It was not giving enough credit.

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*Re-cross-examined by Mr. White, representing the Paper Makers' Association:*

Q. You, of course, made up your cost of manufacture of news print, and you are quite satisfied that the cost was above the selling price?—A. There is no doubt about it at all.

Q. As fixed by the association?—A. No.

Q. I don't want to go into the question of your company, and so forth, but I want to go into the question of facts?—A. Yes.

Mr. BARWICK, K.C.—Q. Were you ever down at the mills at Newburg?—A. Yes.

Q. Did you ever go into the cost yourself?—A. Not down there.

Q. How did you come to say that to Mr. White?—A. I know I lost money in our mills. We paid the bills here.

Q. You don't know what the staff was down there or anything, but you know that mill was run in such a way as to lose money?—A. I know it lost money. I am just giving the facts.

THOMAS H. PRESTON.

*Examined by Mr. Barwick, representing the Press Association:*

Q. You are a printer and publisher, and you control the Brantford Expositor?—A. Yes, sir. Publisher and job printing.

Q. Now you know something of the working of the Paper Makers' Association?—

A. I know something of it from a publisher's point of view.

Q. Will you be kind enough then to tell his Lordship what you know of this association?—A. I can only rate the workings so far as it affects my own business. I had a contract with the Canada Paper Company for \$2.10 per 100 pounds in the ream. I think in the month of December, 1899, or thereabouts—I am not too certain as to the date, because I did not bring the documents with me.

*By Mr. White, K.C.:*

Q. You can produce the contract?—A. I can produce a letter, or whatever it may be, forming the basis of the contract.

In the month of December or thereabouts, 1899, an advance was made to \$2.20. That was, I think, before the association was formed, and that carried me through until quite recently when I found it necessary of course to invite tenders. That was both for reams and rolls.

I invited tenders from the Canada Paper Company, the E. B. Eddy Company, the Consolidated Paper Company and the Riordans. I have the letters with me. They gave me a uniform price of \$2.50 in the rolls by carload lots, and \$2.75 in the reams.

Since then within the last months or so—I have a letter in my pocket—I was notified simultaneously by the E. B. Eddy Company, and the Canada Paper Company, that there had been a drop, and I now have made a contract for rolls at \$2.37½, the price in flats, or in reams, being \$2.62½.

Q. You better let us see these letters, I think. Just read these yourself. I do not know anything about these, Mr. Preston. Read us the first lot of letters. The first is from E. B. Eddy Company.

THE COMMISSIONER.—Read them by order of date.

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A. Three of them are dated 1st December last. The first is from William Barber and Brothers, Georgetown, dated December first, nineteen hundred, and reads as follows:

'T. H. Preston, Esq.,  
'Brantford.

'DEAR SIR,—We have your favour of the 30th, asking for quotations on 100 tons news in rolls, and in sheets delivered at Brantford.

'We quote you for rolls two and a half cents and for sheets, two and three-quarter cents. Terms three months, or three per cent cash, thirty days.'

This letter is produced as Exhibit P—5.

Now, there is another letter from the Consolidated Pulp and Paper Company:

'The Expositor,  
'Brantford.

'GENTLEMEN,—In reply to your letter of yesterday asking us to quote a price on a hundred tons of our news in rolls and also in sheets, we will furnish you with the amount required, in carload lots, as desired, freight paid, as follows:

'Rolls, \$2.50 per hundred pounds.

'Sheets, \$2.75 per hundred pounds.

'We are placing a new set of calendars in our mills which will shortly be in working order when we will turn out a very fine news. We shall be glad to receive your order and will give it our best attention. We could have our representative see you, if advisable.'

This letter is produced as Exhibit P—6.

There is also one from the Canada Paper Company:

'Mr. T. H. Preston,  
'Brantford,

'DEAR SIR,—Replying to your inquiry of November 30th, we beg to quote you news paper in sheets two and three-quarter cents per pound, carload shipments; rolls, two and a half cents per pound, carload shipments, three per cent, thirty days, or three months. We hope to be favored with a continuance of your orders and will do our best to give you a satisfactory paper and to give your business careful attention. As you know we have been greatly pressed during the past year, and it has been impossible to avoid causing our customers a little anxiety regarding their supply. Increased facilities, however, and a somewhat increased supply will remove the acute pressure and we shall, we think, be able to give you the best of service, during the coming year. Hoping to be favored with a continuance of your orders, we are, yours truly, Canada Paper Co., Ltd.'

This letter is produced as Exhibit P—7.

And from the E. B. Eddy Company, dated December 5th, nineteen hundred:—

'THE EXPOSITOR,  
'Brantford, Ont.

'DEAR SIR,—Answering the obliging inquiry in your favour of the 30th November, the uniform prices on newspaper in carload lots, freight paid or allowed to Brantford, are:—

'Rolls, \$2.50; reams, \$2.75.

'We shall hope to be favoured with your order for your requirements as we shall be ready to ship in a short time now.

'We have instructed our Mr. McLaren to call and see you as soon as possible.'

This letter is produced at Exhibit P—8.

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There is a letter from the Riordan Paper Mills of Merritton, Ontario, dated January 9th, 1901.:

'THE EXPOSITOR,  
' Brantford, Ont.

'DEAR SIRS,—We are in receipt of your kind favour of the 8th instant advising us that you will let your contract for news on or about the 22nd instant. Our Mr. Riordan will be at the mill Saturday or Monday, and if we can possibly make you any special inducement to give us your contract, we will be pleased to do so, but may frankly say that we have already booked contracts for the year 1901 for nearly, if not quite, our full production, and we cannot see our way clear at present to name any lower figure than that quoted by Mr. Charles, namely, \$2.75 per 100 pounds, in car lots for sheets, terms, three months or 3 per cent, thirty days. However, we will write you finally early next week, or if Mr. Charles can go down to see you, we will send him as we very much desire to do business with you, being the nearest mill to Brantford.'

This letter is produced as P—9.

There is also a letter from the Canada Paper Company of May 11, 1901.

'Mr. T. H. PRESTON,  
' Brantford, Ont.

'DEAR SIR,—Regarding your contract for news, we are pleased to say that we shall be able to make you a reduction on the car now on order, making the price two and three-eighths cents per pound, usual terms and conditions.

'Trusting this will not be unappreciated, we are, yours truly, Canada Paper Company, F. J. Campbell.'

This letter is produced as Exhibit P—10.

There are some more recent offers from the Canada Paper Company, that they will make the price \$2.32 $\frac{3}{4}$  per 100, or \$2.37 $\frac{1}{2}$  in the roll. I had a similar offer, I might say, from the Eddy Company at the same time, the same discount.

*B<sub>2</sub>: Mr. Parwick, K.C., resuming:*

Q. In the previous letters, it is apparent that in December, nineteen hundred, these four houses quoted you uniform prices?—A. Yes. It stated in one of them that the prices were uniform.

Q. And the Eddy Company state to you plainly that the uniform price on news paper in carload lots is so and so?—A. Yes; it was their traveller who came to the office in the last year or so, made the same statement that they could not give but the one rate.

Q. Do you remember any particular traveller coming to you?—A. Yes.

Q. Tell the Judge, will you please?—A. Mr. McDougall, representing the Canada Paper Company, Mr. Levison, of the Consolidated, Mr. Weldon, of the Eddy Company. They have all had the one story that they could not break the agreement. There was never any secret made about it at all.

Q. I would like to know a little more of the particulars,—what they explained to you, Mr. Preston, since the formation of the association?—A. They have all had the one story, that the paper makers entered into an agreement and they could not cut the rates, or could not give me any better than those arrived at by the combination or the association. I won't say they used the word 'combination.' I think, perhaps, they did, in some way.

Q. When did you first learn of the formation of the association?—A. It would be somewhere about the first of January, nineteen hundred, I should think. I am speaking now in the rough.

Q. From whom did you learn it?—A. It was a matter of common talk among both paper makers and the agents of the houses and publishers.

Q. You gathered it from men in the trade?—A. Yes, certainly.

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Q. You learned it from people who were selling paper to you?—A. There was never any question about the existence of an association.

Q. Prior to the formation of the association, what were your prices?—A. The last week, as I said, was \$2.20, and I think the rate of discount was 4 per cent. I am not absolutely sure of that. I think so.

Q. What would that mean, off a carload lot—can you figure that out for me shortly?—A. I can hardly figure it out for you. I buy about four thousand dollars worth of paper in a year in news. I suppose the difference in price would be four hundred dollars; it would be several hundred dollars anyway.

Q. Prior to the formation of the association, had the price which you mentioned been ruling for some time?—A. The price had been fluctuating and there is always a good deal of competition for contracts. Usually when I ask for tenders for paper, the agents of the different houses would come. There would be a scramble for the contract, more or less shading of price. Now, when I invite tenders, I have had but a uniform price and no competition.

Q. What was the uniform price you had to take?—A. They had the same story, that they could not give me but the uniform price, and there were penalties they could not afford to break.

Q. Have you ever attempted to buy paper from the United States?—A. I have asked a quotation recently; that is the only one.

Q. Have you had any difficulties placed in your way of getting paper from the States?—A. No, I have not prosecuted that inquiry.

Q. How much printing paper do you use in the Brantford *Expositor* offices outside of news print?—A. I could hardly tell you. Of course, we are doing job printing all the time for all lines. I could not tell you the cost of job stock without having my statements here.

Q. Say, in round figures, will you?—A. I suppose my job printing papers would cost me about two thousand dollars a year.

Q. That is, in round figures?—A. Yes, I could tell you exactly if I had any inquiries to be made.

Q. How do you describe that paper for print in the trade when you are buying it?—A. News print, number three news is what we commonly purchase.

Q. But the other kind of papers you use in your paper trade, how do you describe that?—A. The other terms would cover that, book papers, posts and the like; even the brown paper that was talked of a few minutes ago I think could be called print paper, because it is used in printing offices. That is Manilla. It is printing paper in a sense that printers use the paper in trade. We don't do very much ourselves because we find we cannot put any printing on the bags and the like.

Q. I understood you, Mr. Preston, that the expression 'brown paper' came within the expression 'printing paper'?—A. There are a large number of manufacturers do printing on paper bags; we cannot do it.

Q. You want his Lordship to understand it is printing paper?—A. Yes, this might be the expression for it. It is used for paper bags; at least, is used by merchants to put their goods in, and reports for newspapers are often printed on Manillas.

Q. And grocers use large paper bags for flour?—A. All trades use it more or less.

*By Mr. White, K.C.:*

Q. Newspapers are not printed on it?—A. No, newspapers are not printed on it; in earlier days our newspapers were printed on wrapping papers.

*By Mr. Barwick, K.C.:*

Q. Is there anything else you can inform his Lordship of? You have told us all about everything you can remember; can you add anything more to what you have said?—A. I think not; except I know the price of cheap print lines has gone up.

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We bought ourselves a considerable quantity from the United States, paying twenty-five and thirty per cent duty. That we never did until last year or so. The reason of that I cannot say, of course.

Q. You import from the States ?—A. Yes.

Q. What kind of paper do you import from the States ?—A. Papers for job printing ; book papers.

Q. Are they manufactured in Canada ?—A. Yes, they are manufactured and sold by the different houses here.

Q. Manufactured by members of this association ?—A. Yes.

Q. You paid the duty on the American papers, of course ?—A. Yes.

Q. And can bring it in to advantage in competition with the paper manufacturers here ?—A. Yes.

*Cross-examined by Mr. White, K.C., representing the Paper Makers' Association.*

Q. Are you a member of the Press Association ?—A. I am.

Q. I presume you are aware of the origin of this inquiry, and probably took some active part in it ?—A. I had nothing to do with it.

Q. But you knew of it ?—A. Yes, it is a matter of public knowledge

Q. The complaint the Press Association had reference to, as I understand it, was news print. That was the subject of their complaint ?—A. I cannot say. I was not at the meeting when the question was brought up. Parliament was going on at the time, and I was at the House.

Q. You have told us you have a contract to-day at two dollars thirty-seven and a half cents ?—A. I have.

Q. With the discounts ?—A. Yes.

Q. When was that contract made ?—A. Well, in the month of May, I think.

Q. That is last May ?—A. Yes, about a month ago.

Q. Before making that contract you informed yourself as to the price at which you could buy paper generally in Canada and elsewhere, did you not ?—A. Well, this latter contract came in the way of a concession, I might say, from the house with which I was dealing.

Q. You were dealing with the Canada Paper Company ?—A. Yes, I had really made a contract with them under the association price.

Q. But you made that contract as any business man would do, as being the best price at which you could get the contract ?—A. Certainly.

Q. You did not go to the States ?—A. I wrote one firm on the other side.

Q. And the reply was not encouraging ?—A. Yes.

Q. You know that the prices on the other side are much higher than here ?—A. Yes. This reply I got was verbal to me.

Q. You concluded the contract with the Canada Paper Company ?—A. Yes.

Q. Do you remember what that price was that was quoted to you ?—A. The American price ?

*Counsel :* Yes.—A. I think it was two dollars and fifty-five cents.

Q. Two dollars and fifty-five cents there ?—A. I am not sure about that. I am rather inclined to think it was. I am not sure though.

Q. You have told us you carried on a job printing business also ?—A. Yes.

Q. And you figure your costs carefully ; you know approximately what the advance on cost is ?—A. I do not spend much of my time in connection with jobbing department.

Q. What do you consider a fair advance on cost ?—A. Twenty per cent ; that is what we usually estimate.

Q. That would apply generally on business, would it not ?—A. I presume so. That is our method of calculating. We don't always get it. We try to.

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Q. But anything under that you would consider would be a reasonable and fair advance ?—A. It would depend a good deal upon the nature of the business and the risk ; but generally speaking, I should say so.

Q. That would apply to manufacturers of paper ?—A. Well, I can hardly speak from their point of view.

Q. Are they under any special classification ?—A. Well, I should say the risks of the manufacturer of paper are not quite so great as those of the printer. He has fewer accounts, and they are supposed to be a better class of men than the indiscriminate accounts which come to the publisher. Of course I cannot look at the thing as a manufacturer looks at it.

Q. But as a general rule you should say that twenty per cent advance on cost would be a fair and reasonable margin of profit ?—A. Well, in our business.

Q. You have spoken of book papers ; had you any information that the book papers were included in the association prices ?—A. Not personally.

Q. You knew nothing of that ?—A. No, I do not buy the job stocks. I pay the bills, that is all.

Q. You say the association was formed early in nineteen hundred, as a matter of fact, the date is the twenty-first of February, Mr. Preston ?—A. I don't know. I said roughly.

Q. Is it not a fact that shortly before that time there had been an advance ?—A. There was a slight advance in my own of ten cents a hundred.

Q. Before the association was formed ?—A. Yes.

Q. And after the association was formed ?—A. Still more.

Q. Are you prepared to say that advance was due to the formation of the association ?—A. The two things were simultaneous.

Q. But you are not prepared to say there were other causes ?—A. No.

Q. You know paper advanced in the States ?—A. I don't know to my knowledge.

Q. But you told us you wrote to them and got discouraging reports ?—A. I told you of one particular case.

*Re-examined by Mr. Barwick, K.C.C., representing the Press Association:*

Q. You cannot bring in news paper to advantage now ?—A. Not from the quotation I got.

Q. Suppose the duty were taken off ?—A. Taking this particular case, I could not bring it in then.

Q. You could not bring in news print, then ?—A. No. Maybe there is a combination over there. They say there is a combination over there.

Q. What information have you as to that ?—A. Nothing but hearsay.

WILLIAM SMITH DINGMAN.

*Examined by Mr. Barwick, K.C., representing the Press Association:*

Q. You live in Stratford ?—A. Yes.

Q. And publish a newspaper there ?—A. I am principal proprietor of the *Herald* newspaper there.

Q. The *Stratford Herald* ?—A. Yes.

Q. What is the amount of your purchases of paper during the year, about ?—A. Our news paper purchases run from fifteen to sixteen hundred dollars, or a little over sixteen hundred dollars.

Q. That is what you call news print ?—A. Yes.



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Q. And your other newspaper printing, what do they come to?—A. I did not look up that question particularly. I suppose six or eight hundred dollars.

Q. Six or eight hundred dollars a year?—A. Yes

Q. What are the other papers used for?—A. Jobbing purposes, printing of small work, letter heads, posters and all that class of work; miscellaneous work.

Q. Books?—A. No, we do not print books.

Q. When did you first hear, Mr. Dingman, of the formation of this Paper Makers' Association?—A. It would be shortly after the fire, I think, or in the vicinity of the time of the fire at the Eddy Mills.

Q. When was that fire? Just a little over a year ago, was it not?—A. Yes.

Q. The twenty-sixth of April, nineteen hundred?—A. Yes.

Q. That was the great Ottawa fire?—A. Yes.

Q. How long have you been in business?—A. I have been in business for myself for seventeen or eighteen years.

Q. Then you have a pretty good knowledge of the prices before this association was formed?—A. A fair knowledge.

Q. Will you be kind enough to tell his Lordship what effect the formation of this Paper Makers' Association has had on your business. Tell us the course of business, as far as you know, before and since?—A. The prices we had been paying for news print just before the combine came into operation were two and a quarter cents, or two dollars and twenty-five cents per one hundred pounds, delivered at Stratford. The effect afterwards was to raise the price at first to three cents, and subsequently to two dollars and seventy-five cents—two and three-quarter cents, with a discrimination against us in the matter of freight delivery.

The discrimination took the effect of the freight being paid free to certain points, which were called equalization points of which Stratford was not one, and we were asked to pay over and above,—to pay the local rate over and above the freight rate from the point of manufacture to this nearest equalization point.

The effect was that the London publisher would get his paper delivered at the same price per carload free of freight at London, while we would be charged the extra rate from London to Stratford.

It effected a discrimination against us of in the vicinity of ten to fifteen cents per one hundred pounds.

Q. That is since the formation of the combine?—A. Yes. I objected to that, and the paper travellers regularly, and always we got sympathy from the travellers, but no satisfaction from headquarters.

I investigated the alternative of buying paper from the other side, and found that paper could be purchased over there at two quotations, one at two and one-eighth cents and the other 2.15; which, with the duty and freight paid, would deliver the paper in Stratford at a trifle under the combine price, with a discrimination in the matter of freight added.

Q. I do not understand the last remark: 'with a discrimination added'?—A. With a discrimination against us.

Q. With the present discrimination you could have brought your paper in?—A. Yes, I estimated.

Q. At a less price?—A. At a slightly less price

Q. With the duty removed?—A. No. With the duty added; with the duty removed the price would have been very much less.

*By the Commissioner :*

Q. What would have been the exact price with the duty added?—

*By Mr. Barwick, K.C. :*

Q. Have you this in writing now, what you are telling us?—A. Yes.

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Q. Well, answer his Lordship's question first ?—A. The price from Niagara Falls, New York, of paper would be \$2.12½ per 100 pounds, duty 54 cents, freight 12 cents, making a total of \$2.78½ per 100 pounds as compared with about \$2.85 under the combine regulation.

*By the Commissioner :*

Q. With the discrimination against you ?—A. Yes, with the discrimination against us.

Q. That would not apply to the London paper ?—A. No, he could get his delivered in London at \$2.75.

Q. You are situated near London ?—A. I am nearest London ; it is the nearest alleged equalization point.

Q. What is the meaning of that word,—equalization ?—A. I tried to discover but have been unable to discover it.

*By Mr. Barwick, K.C. :*

Q. That is a point at which they deliver paper at a certain rate ?—A. Yes.

Q. It is a distributing point ?—A. No. I understand it was devised for the purpose of equalizing competition between the different mills so that one could not gain an extra advantage with customers who are contiguous to their own mills ; so that Georgetown, for instance, could not have any particular cinch on the paper users near by.

Q. Why ?—A. Because it was apparently arranged among the paper makers that Georgetown, for instance, should be a point where they would all be upon equal footing, and the various other equalization points would also be placed where they would be upon equal footing.

Q. You mean to say, where the paper would be the same price, freight would be collected at all these points ?—A. Yes.

Q. So that the price paid for paper delivered at London would be the same price as that paid at Georgetown ?—A. Yes.

Q. How many miles from Toronto is Georgetown ?—A. It is about twenty-five or thirty miles, where the Barber Paper Mills are.

Q. So that the Barber Paper Mills, twenty-five miles from Toronto, for delivery Toronto was an equalization point ?—A. Yes, I suppose so.

Q. The effect would be that exactly the same price would be paid for paper delivered from the Barber Paper Mills as it would at London ?—A. Yes.

Q. So that it was not a question of equalization to the buyer ; it was a question of equalization to the seller ?—A. Yes.

Q. What were the average prices you were paying prior to the formation of the combine ?—A. Two and a quarter cents a pound delivered at Stratford.

Q. Any allowances, such as wrapping ?—A. No, that was the net price, except for the usual discount for thirty days.

Q. Your net price was 2¼ cents, with what discount ?—A. I think it was 3 per cent for thirty days.

*By the Commissioner :*

Q. Two dollars and twenty-five cents per hundred pounds with a discount of what per cent ?—A. Three per cent.

*By Mr. Barwick, K.C. :*

Q. If paid for, cash in thirty days ?—A. Yes.

Q. And your price since the combine was formed is ?—A. At present it is \$2.75. There has been a recent reduction to two and five-eighths (2⅝).

Q. Per pound ?—A. Yes, per pound, two and five-eighths. There is a reduction,—\$2.62½ per 100 pounds.

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Q. Yes, but with no change in your freight arrangement ?—A. No.

Q. When did the reduction to \$2.62½ come ?—A. Within the last couple of weeks, I think ; but at all events I was notified of it within the last couple of weeks or thereabouts.

Q. You were notified ? How were you notified ?—A. I had letter quotations from three firms to that effect.

Q. You have a bundle of correspondence there, Mr. Dingman, have you not, on this subject ?—A. I have just a few letters here.

Q. Are they all arranged in order, chronologically ?—A. [Not exactly; there are some that are very pertinent and some are not.

Q. With whom did you particularly deal, Mr. Dingman ?—A. Our particular dealings of late years have been with the Canada Paper Company, the Eddy Paper Mills, and the Riordan Paper Mills.

Q. Did you buy by correspondence or from their travellers ?—A. Generally from their travellers ; sometimes by correspondence.

Q. Have you been informed by these travellers that they are governed by the rules of the association or combine, as you have been calling it ?—A. They have several times virtually admitted to me the existence of a combine ; whether they used the word combine, I don't remember.

Q. No, we are just calling it that for short.—A. But I have discussed the matter of the combine with them ; the various members of them.

Q. What explanation had they given you with regard to the workings of the combine as affecting their sales to you ?—A. They have, without exception, objected to this freight discrimination, which they found an obstacle to trade, or at all events, a complaint which they met very frequently on their travels.

Q. Have they told you that the association governed prices ?—A. I must be fair upon this point. My impression is that they have told me that, but I took no memorandum of these conversations, and I am not able to say absolutely, but I have a very strong impression that more than one has admitted that.

Q. You only have a general recollection, and would not like to say that any one has actually said that to you ?—A. Yes. I may cite a passage in a letter here from the Riordan Mills:

'We find Stratford is not a delivery point, and apparently the nearest delivery point is London. We have therefore allowed you the freight on the basis of f.o.b. cars, London. This is what the mills are doing and we cannot do otherwise.'

Q. That is a letter of the twenty-second of August, nineteen hundred, from the Riordan Paper Mills ?—A. Yes.

Messrs. Stratford Herald Printing Company.

'DEAR SIRS,—Your favour of the 20th inst. is received. We enter your esteemed order, and will ship in good time to arrive safely before September eighth.

'In regard to freights. We find Stratford is not a delivery point, and apparently the nearest delivery point is London. We have therefore allowed you the freight on the basis of f.o.b. cars, London. This is what all the mills are doing, and we cannot do otherwise. We will, however, make the contract price \$2.75 f.o.b. cars, Merritton, in car lots, or \$3.00, less than car lots, and deduct the freight on the basis of London delivery, as per last invoice.

'We are about to inquire whether Georgetown would be nearer as a freight basis, and will advise accordingly. As regards draft, kindly accept same, as we cannot make any alteration from the three months' terms, and as it has gone forward, will thank you to accept it.'

This letter is filed as Exhibit P—11.

Q. Now, you made some inquiries in the States with reference to the price of paper there, did you not ?—A. Yes.

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Q. Tell us what these inquiries were and read the letter as you go along?—A. There is a letter from Bradner, Smith and Company, Chicago, dated March twenty-eighth, nineteen hundred and one :

‘Replying to your favor of the 26th instant would say that we have forwarded your letter to our Mr. Barr, who may be able to call on you before he returns.

‘In regard to price on print paper in carload lots, would say, that we could quote you on paper to weigh 24 x 36, 28lbs. to the ream and heavier, either in rolls or in sheets, \$2.10 per cwt., f.o.b. Mill, Anderson, Indiana. Terms as usual. We do not think the rate would be more than 20c. per cwt., and we do not know what the duty would be.

‘We are, not working with any combination of any kind, and we would be very glad to help you in any way we could to buy paper at a lower price than you can get it from the Canadian mills.’

This letter is produced as Exhibit P—12.

I learned that the Inland Daily Press Association, an association of daily newspapers, particularly in Michigan and Indiana, had made a contract with this same firm, Bradner Smith & Company, to supply all their paper at \$2.18 per hundred weight, f.o.b. cars at the mill. That price to be for either flat or rolled paper. There is a copy of the contract that was sent me in the letter.

Letter from the Inland Daily Press Association, Michigan, Indiana:

‘Absence from home prevented my answering your letter at an earlier date.

‘I enclose you copy of contract which our association has recently made, making us a saving of from 25 to 40 cents per 100, over what we were paying previously.

‘The Cliff Paper Company, Niagara Falls, gave about the same quotations for paper on cars at Niagara Falls as we are now paying.

‘The proceedings of our meetings are not published, members being required to attend meetings in order to get the benefits thereof.

‘If the information herein contained is of any benefit to you, you are very welcome to same.’

This letter is produced as Exhibit P—13.

Q. Anything more, Mr. Dingman?—A. I have a letter also from the Cliff Paper Company, Niagara Falls, New York, of March twenty-seventh, nineteen hundred and one :

‘We have yours of the 26th, and would say that a carload of paper by our railroad’s classification is thirty thousand dollars. We can name you a special price on this of 2½c. f.o.b. cars, this city, less three per cent cash. We imagine, however, from the duty, that this would make it higher than you could get it for at home and 2½c. is lower than we are securing for paper here as we usually make a lower price for export business.’

This letter is produced as Exhibit P—14.

Q. Now, Mr. Dingman, what effect has the combine prices had upon your other papers besides news papers?—A. I am not so well prepared to speak on that because I did not purchase the paper myself, and I have not investigated that point so particularly.

Q. Is there anything else you can give information as to, besides what I have asked you?—A. There is a letter from F. J. Campbell, Canada Paper Company.

‘We beg to thank you for yours of the 22nd instant. We might say that the writer has always opposed the present freight arrangement, but the solons who control matters, not being so closely in touch with the trade, did not see it in quite the same way. We think, however, they are now coming to our way of thinking, and shall write you further in the course of a few days.’

This letter is produced as Exhibit P—15.

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*Cross-Examination :*

Q. You are being supplied at present, you say, by the Canada Paper Company?—

A. No, I did not say that.

Q. By whom?—A. At present our paper comes from the Thompson mills at Newburg.

Q. Where is that?—A. Near Napanee.

Q. The Consolidated Paper Company?—A. Yes, it is under their control, I understand.

Q. Under contract?—A. No, not under any contract.

Q. You buy it according to your needs?—A. Yes.

Q. Had you contracts previous to 1901?—A. We had a contract for a time with the Riordan Paper Mills, and also with the Eddy Mills, and previous to that with the Canada Paper Company.

Q. When you use the word 'combine' as you have in your evidence what do you understand by it?—A. What I understand by it is, that an association of paper makers has been formed for the purpose of controlling prices and forcing uniform regulations upon their customers.

Q. And your complaint against the present association is this question of freight rates,—that you don't get the same freight rates as people at London do?—A. Yes, and what I think are unduly high prices.

Q. You think they are unduly high?—A. I do.

Q. You are carrying on a jobbing business yourself?—A. Yes.

Q. What advance on cost do you figure generally in making your estimates?—A. It varies; generally in estimating a job I usually add fifty per cent to the job cost, the fifty per cent, including profit and share of the general expenses of maintaining the business, office expenses, &c.

Q. When you speak of general expenses you mean the cost of material, labour and the press work, &c.?—A. Yes, and wages.

Q. And you add fifty per cent, to cover general expenses and profit?—A. Yes.

Q. What do you consider a fair margin of profit in manufacturing business? What would you consider a reasonable advance on the manufacturers' cost? Would twenty-five per cent be too high?—A. I might say this basis I speak of is in regard to small jobs of a few dollars at a time.

Q. Is not the output proportionate to the capital invested as a rule?—A. Each individual job is taken up on its own footing, and a small piece of work necessarily requires a higher percentage levied upon it than a larger piece of work, which would consume a large amount of time.

Q. Take a large piece of work. What would you consider a fair percentage of profit on that?—A. Thirty-three and a third per cent.

Q. Would be reasonable?—A. In some cases.

Q. Would twenty-five per cent advance on cost be, in your opinion, a reasonable advance for a manufacturer to put on his goods?—A. I am not prepared to lay down any abstract rules to govern all cases.

Q. Taking the manufacturers of paper in Canada, you know the output is comparatively small as compared to the States and other countries. Would you consider twenty per cent advance on manufacturers' cost an exorbitant and reasonable margin of profit?—A. I have to object to your presuming that I know all about the situation, because I do not claim to be acquainted intimately on all points.

Q. You have been eighteen years in business and you must know something about the condition of the paper trade in Canada. Speaking as a business man, would you consider twenty-five per cent advance on cost to be an unreasonable profit?—A. My answer to that is that I judge the matter rather by the comparison of prices elsewhere, and to my mind the comparison afforded by—

Q. Pardon me, we are speaking of profits. Do you know about the comparative profits elsewhere?—A. I am answering it in the way it appears to me. To my mind,

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the comparison afforded by the much lower prices in the United States indicate too high profits here.

Q. Now, you have just said that you consider that a man who is turning out a small job should reasonably expect a higher rate of profit than a man who is dealing in larger quantities. Is that right?—A. Yes.

Q. You know, as a matter of fact, that there are several newspapers in the United States whose annual consumption of news print for each of these newspapers is greater than the total output of Canada. Do you know, for instance, that the *New York Journal* uses more in a year than is used in the whole of Canada?—A. I don't know, but I would not doubt it.

Q. What did you find—that there is an unreasonable difference between the prices which you had quoted to you in the States and the prices here?—A. I do not think there is any unreasonable difference.

Q. You have told us that the quotations you got from the States showed that the Inland Daily Press Association which is a combination of newspapers, near the mill out in Indiana, had made a contract of two dollars and eighteen cents, that is right, is it not?—A. I presume so.

Q. But you were also informed in your letter that there was a saving in that contract of forty cents on previous contracts?

WITNESS.—Forty cents is it?

Q. Forty cents, that would bring it up to \$2.60?—A. I might to what I stated a while ago. I have been informed in the last couple of weeks that the price in the United States is two cents.

Q. The letter says: 'I inclose you copy of contract which our association has recently made, making us a saving of from twenty-five to forty cents per hundred from what we have been paying previously.' You have no reason to doubt the correctness of this statement, have you?—A. No.

Q. Very well, you would bring the price previously paid up to about \$2.58 or \$2.60?—A. I have no doubt that those prices would have been paid by the smaller papers.

Q. Just let us deal with the facts as we have them. We have this letter, and this is a large consumer of paper, is that not right?—A. It is a collection of consumers of paper.

Q. They buy in carload lots, I presume, and get the best prices?—A. No doubt, I daresay.

Q. That is why they are associated together?—A. No doubt.

Q. They show here, there is a list of papers showing sixty-eight (68) newspapers, and you are informed that they buy, they make a contract in the name of the association. Now, they may be treated as fairly large consumers, may they not?—A. They are moderate consumers; they are somewhat like ourselves, I presume and other small city dailies.

Q. In the aggregate?—A. The aggregate would make a large order.

Q. And yet they have been paying anywhere from \$2.40 to \$2.60?—A. Apparently they do, and the price coming down has brought it to \$2.18.

Q. Do you know the discount they get in the States? What cash discount do they get?—A. It is stated on that, I think.

Q. Three per cent thirty days; sixty days net?—A. Yes.

Q. At the time they were paying these prices, that is, within the past year, I presume, what were you paying?—A. What is the date of that again?

COUNSEL.—This is March. I am speaking during the past year?

WITNESS.—The eleventh of December, nineteen hundred.

Q. What were you paying at that time?—A. I would have been paying then, I think, \$2.75, if I remember rightly. That would be \$2.75 with the freight discrimination. It depends on which particular order. Our old contract ran for some time after the combine.

Q. What was the contract price under the old contract?—A. The old contract price was \$2.25.

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Q. You were paying in Stratford  $2\frac{1}{2}$  cents on a consumption of from \$1,500 to \$1,600 a year, when this association in the States was paying from \$2.40 to \$2.60 and you think they were discriminated against unfairly?—A. That was before the combine, that  $2\frac{1}{2}$  cent rate.

Q. I want to know if that would be an unfair price to charge you, \$2.25, when people in the States that consumed probably a thousand times as much paper as you were, and were paying \$2.40?—A. I don't know that they were consuming a thousand times as much as we were.

Q. Well, say sixty-eight times as much then, as there are sixty-eight newspapers in this Association. Would you think if you paid the same price that this combination was paying in the States that you were unfairly discriminated against?—A. This was not a combination when they were paying the \$2.40.

Q. I am speaking of this price of the combination in the States, the Inland Press Association. Do you think you ought to get the same terms that they got?—A. I think we ought to get something similar to what they got.

Q. And your theory about putting on a greater profit to a small order as against a large order does not hold good then when it comes to be applied to yourself?—A. Generally carload lots are considered good orders. They would command very nearly the best prices. They are understood to command the best prices, unless it might be in the case of metropolitan dailies.

Q. You don't contend that you are a large consumer? You are not one of the large consumers of news print in Canada?—A. Not one of the largest by any means.

Q. One of the smaller ones?—A. One of the medium ones.

Q. And you don't expect to get the same terms, according to your own theory, as large consumers would get in the States?—A. I think, buying in carloads, I ought to get as good figures as any consumer, unless it might be the very large users, like the metropolitan dailies.

Q. And the evidence you have given was all based on that theory?—A. And the difference between them should be very slight.

Q. And all your evidence is based on that theory? Your complaint is based on that theory?—A. I supposed it is based somewhat on that theory.

*Re-examined by Mr. Barwick, K.C., representing the Press Association :*

Q. Do you know what prices were paid in the States for paper before the association was formed there?—A. Before that newspaper association was formed?

COUNSEL.—Yes.—A. No, I am not positive.

Q. Do you know if prices in the United States are governed by the association?—A. There is understood to be a Paper Makers' Association in the United States.

Q. Do you know when that was formed?—A. I don't remember the date. That has been in existence for over a year.

Q. Just over a year?—A. I am not speaking from definite knowledge.

*By Mr. White, K.C.:*

Q. You are speaking from definite knowledge?—A. I am not speaking from definite knowledge.

Mr. WHITE, K.C.—I object to this, your Lordship, as the witness is not speaking from his definite knowledge.

*By Mr. Barwick, K.C.:*

Q. I want to know if you know what prices were in the United States when the association was formed in the States?—A. No, I am not familiar with the state of prices previous to that.

ALEXANDER BUNTIN.

*Examined by Mr. Barwick, K.C., representing the Press Association :*

Q. What is the name of your house, Mr. Buntin ?—A. Buntin, Reid & Company.

*By the Commissioner :*

Q. Of Toronto ?—A. Toronto, yes.

*By Mr. Barwick, continuing :*

Q. Wholesale paper dealers ?—A. Yes.

Q. And jobbers, too ?—A. Yes.

Q. The jobbers of Toronto have had some complaint against this Paper Makers' Association, have they not, and made some formal complaint by a deputation in which you took part ?—A. You can hardly call it a complaint. The jobbers of Toronto are willing to amalgamate themselves with the Paper Makers' Association of Canada and with that end in view, we went down to interview them.

Q. Whom did you interview ?—A. We interviewed the Paper Makers' Association at the general meeting of the Paper Makers' Association.

*By the Commissioner :*

Q. When was that ?—A. In February, the first meeting they held in Montreal, in February, nineteen hundred, I think.

Q. Were you a member of the Association ; were you a member of the deputation, I mean ?—A. Yes, sir.

Q. You went down ?—A. Yes.

Q. Will you be kind enough to tell us what took place at your meeting, and what was the result of your discussions there ?—A. I went down to Montreal in connection with Mr. Gundy of the Gage Company here ; we were deputed by the wholesale dealers to go to Montreal and interview the Paper Makers' Association, with a view to making them a sort of sister association, to accept the wholesale dealers as members of the Paper Makers' Association, because the paper dealers were discriminating against the wholesale dealers in favour of the printers and publishers and the consumer.

That is, the paper dealers had intimated that they were not going to allow the wholesale dealer any margin of profit in handling their goods, only such small quantities that the paper makers would not direct, they would allow us to handle, but they were going to compel all the newspapers to buy on the same conditions as the wholesale men. Well, there was absolutely no possibility of the wholesale man staying in business under those conditions, so I went down to interview the Paper Makers' Association and ask them to do their business through the medium of the wholesale man with the exception of the newspaper trade, which we did not care to touch, because there was no profit in it, and the liabilities to be assumed throughout the country on the small lots and the margin of profit were so small, it did not pay the wholesale man to handle news paper for that class of work, although it payed the wholesale man to handle news paper—at least, what we call news print, No. 3 news print, for job work. For instance, we could not begin to sell any of these papers, like Mr. Dingman, of the *Stratford Herald*, or the *Brantford Expositor*; the wholesale man could not sell them on any margin, but what we could sell, we could handle news print in work where they required it, for dodger work ; we get a fair margin of profit in that class of work, but not for news work, and it was to try to get them to make a discrimination in our favour that I went down to Montreal.

Q. Had they made a discrimination against you before you went down ?—A. They had not made any discrimination other than they would sell Mr. Dingman or Mr. Preston at exactly the same price as they sold me.



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Q. They put you on the same basis ?—A. Yes.

Q. How did your wholesale dealers in Toronto learn that ?—A. It did not take us long to learn that.

Q. From whom ?—A. Our travellers simply came in. They would come in to a man and he would say : ' What is the use ? You offer me print at such a price. I can buy from Georgetown or Riordan or Eddy at such a price ' and when we send in our orders we find we can only buy them at such a price too.

Q. What did you go to the association for ?—A. To try and get them to give us an opportunity to handle the paper.

Q. What made you think that it was they that had anything to do with it ?—A. Because it was in all the papers ; it was public property.

Q. That they controlled it ?—A. No, sir. This association has been practically in force, -well, I was a member of it in 1886, the Paper Makers' Association of Canada ; it is the same association.

Q. But with a new agreement ?—A. Re-organized.

Q. The association controlled prices in exactly the same way which it does now ?—A. Yes.

Q. And it was not formed for the purpose of keeping prices down, was it ?—A. Well, I don't know what it was formed for. It was an association the same as any other association. I don't know whether it was to keep prices up or down. I think it was a natural protection against the losses which the paper makers made.

Q. And the cutting of prices ?—A. Yes.

Q. It was a protection amongst the paper makers to prevent reduction amongst rivals ?—A. Well, there are always houses that will cut indiscriminately, not caring whether they make any profit themselves, thereby forcing other houses to either let the goods go to that house or sell them at a loss. We have had an evidence of that in Toronto very lately, that you have reference to here.

Q. The Consolidated Company ?—A. Yes.

Q. This company that went to pieces for want of credit ?—A. I would not say that ; that might be a little unfair.

Q. That is what Mr. Poole said ?—A. They ran their business on too close a margin ; in fact, they had not any margin at all. It is to prevent this sort of thing that it was formed.

Q. Did the system of fines exist in your time ?—A. Yes.

Q. When a man sold under agreement prices ?—A. Yes, as near as I can remember, in 1886.

Q. And you proposed in your talk at Montreal to come in and submit to fines in the same way ?—A. They did not give us a chance to go that far.

Q. Why ?—A. They told us they did not want us.

Q. Did they comply with your request and give you some concessions ?—A. No sir, we get no concessions.

Q. And it is the same position ?—A. We stand in exactly the same position.

Q. And the same as any newspaper office does ?—A. Yes.

Q. The association fixes the price and you cannot get apart from them ?—A. We cannot buy news anywhere ; we cannot buy news from the States that we could bring in here and sell.

Q. Why ?—A. Because they won't give it to us.

Q. They won't give it to you ?—A. None of the mills would hardly accept an order from us ; first of all the price, with freight and duty, was too high.

Q. Was there an evident refusal on the part of the mills, combined refusal to give you paper to import into Canada ?—A. No, they were too busy.

Q. How is it now ?—A. It is dropping now.

Q. Can you buy paper in the States now ?—A. Yes, I can. I cannot buy news and lay it down here any cheaper than I can buy it from the association here.

Q. What would be the effect of taking off the duty ?—A. You would ruin everybody in the business because you cannot discriminate on what is news.

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Q. But you can bring the paper in here in competition or make the paper makers come down to reasonable prices if the duty were taken down correspondingly?—A. If you were going to bring it in here free of duty it would make a material difference, or if the Canadian manufacturer came down, but the American mills who sell to Canada will sell at less than they will to the States, because it gets a certain surplus off the American market; their surplus comes in here. There is usually an allowance made to set off the freight and duty, and by that means they dispose of that surplus from the States.

Q. And make an allowance for exportation?—A. What they call it is their export price. They put a different duty on that than what they do for home consumption.

Q. Do you import any other paper than news print?—A. We buy all over the world.

Q. Are the prices of these other papers lower in the States than here?—A. There are a great many papers made in the States that are not made here.

Q. I am not asking of the papers?—A. They are not the same value; a paper made in Canada, for instances, the best No. 1 super-calendered book at the price the mills will charge is better than the paper in the United States at the same money. There is more value in it. The only thing they can give you in the States, a paper that will do the work, give the effect, but has not the qualities or lasting powers, for less money.

*Cross-examined by Mr. White, K.C., representing the Paper Makers' Association:*

Q. You have been a paper maker as well as a dealer?—A. Yes.

Q. How long were you connected with the manufacturing part of the business?—A. I served my time at the mills as a paper maker for three years.

Q. You had some acquaintance with the cost prices and selling prices at that time?—A. Yes.

Q. You know of course now what the association prices are?—A. Yes.

Q. From your knowledge of the business, the cost of manufacture, &c., investment of capital, are the prices charged by the association exorbitant, or are they reasonable and fair?—A. Well, I know that we stopped at our own mills when I was a machine tender; we stopped making news because we could not make it at a profit, at three cents.

Q. The price at that time was three cents?—A. Yes.

Q. And you refused to continue manufacturing because it was made at a loss?

*By Mr. Barwick, K.C.:*

Q. How long ago?—A. Ten years, 1892.

*By Mr. White, K.C., continuing:*

Q. Of course, in your business you follow the fluctuation of the market?—A. Yes.

Q. Assuming that this last agreement was made on the thirteenth of February, nineteen hundred, have you any recollection as to the tendency of the market at that time?—A. You did not know where you were going to buy at that time. I paid Mr. Campbell, of the Canada Paper Company, four cents for news, glad to get it, and sold it for four and a half cents, and my customer was glad to give me four and a half cents for it, because there was a scarcity of it. There were several reasons why it became scarce, but I was glad to pay them four cents a pound for news.

Q. During the past eighteen months or since February, nineteen hundred, you are aware that the demand for news print in the States has greatly increased?—A. Yes.

Q. Do you know the reason for that?—A. No, I don't see why it should.

Q. Are you aware that the Spanish-American war increased the output of the news print by about twenty-five per cent, the demand for newspapers?—A. Yes, I am aware of that.

Q. Do you know also in England, the late war in South Africa increased the demand for news print?—A. Yes.

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Q. Have you followed the paper business here, the possibilities of increasing the supply ; do you know how the mills are working, are they working pretty full ?—A. I know they are all working full time. I know that orders are nearly all behind. That is, when I say that,—orders we have at hand and booked at the different mills are nearly all behind dates of delivery.

Q. Do you know the condition at the time of the fire in Ottawa, was there a surplus, or was it easy to get paper ?—A. There was a scarcity even prior to the fire on account of the difficulty to get stock, in getting chemicals. I know that from our different correspondence we had with English houses. In the second place, coal was scarce, and it was almost impossible for the finer grades of paper to get rag stock. The International bought it all.

Q. If the association had not been formed in February, nineteen hundred, do you consider the price of paper would have remained stationary ?—A. No. The price of paper has gone away ahead since the association formed, from what the association made it ; the association price named for news less than carload lots was \$2.75. They never raised that, but I have had to pay four cents, down to \$2.75.

Q. And you have been selling to your customers according to that price ?—A. Yes, I carried just sufficient for an emergency.

Q. The object of yourself and the other members of the Paper Dealers' Association in approaching the Paper Makers' Association was to have them raise the price and give you the advantage, give you a discrimination ?—A. We did not ask them exactly in that way. What we said to them, for instance : 'Let the wholesale buy everything, even to his news, and any quantity he may want at two and a half, the carload rate, either in rolls or sheets,' and their price for small lots, under a ton, was three cents at that time. Now, buying it at two and a half and selling it at three cents would give us a half cent margin, and we would make delivery on the same terms as the paper makers did. We could not possibly, as wholesale dealers, put in that paper in carload lots, because having to assort our sizes, because it would not pay us to get that in and sort it out, and it would not pay us to keep our stock complete, and the consequence was, we dropped it entirely.

Q. Now, the association price has been uniform for the past two months, with the usual discount ?—A. Yes.

Q. Have you followed the quotations in the States ?—A. Yes, pretty closely.

Q. Have they uniform prices since February nineteen hundred ?—A. They are up and down ; they fluctuate ; they quote almost anything, if a man thinks he will get your order, an export order, he will pretty near figure out so as he will take it at any price.

Q. You have been manufacturing and you know what is meant by a side sheet in the manufacture of paper, when they make very wide paper, wider than is required, you cut off a side sheet. That is done in the States where they have very wide machines ; in filling an order they can run a side sheet ?—A. It is cheaper to run it that way than it would be to change their deckles.

Q. Do you know, as a matter of fact, that that side sheet is very often sold for export in the United States, most of it, at cost ?—A. From a machine tender's point of view, it is only worth less than half a cent a pound, because it is designated in the machine room as 'broke' and it is only taken into inventory as 'broke' at a half cent a pound.

Q. Is that the class of paper which is sent over here ?—A. I could not say that.

Q. Do you know what this class of paper was quoted for ?—A. I don't know. I know that most of the publishers here could hardly be quoted on that class of paper, because they are nearly all sizes and weights, and that side sheet can only be run with some other weight, so it is difficult to get some paper to run the same weight as that side sheet. For instance, 40 x 52, 80 pounds, run with a side sheet, gives you a double demi (40). A double demi forty is the stock size, sells well, and if you run tons of it, it is a safe selling line, but you could not run a 40 x 52 with some other size.

JOSEPH ATKINSON.

*Examined by Mr. Barwick, K.C., representing the Press Association :*

Q. You are the Manager of the Star Publishing Company ?—A. Yes.

Q. You publish the *Evening Star* ?—A. Yes.

Q. And your Company is a considerable purchaser of paper ?—A. Yes.

Q. At Toronto ?—A. Yes.

Q. And you have, I suppose, some knowledge of the workings of the Paper Makers' Association ?—A. Yes.

Q. What has the effect been upon your business ? Will you please tell us in your own words, Mr. Atkinson, how that affected your business as regards what prices were before the Paper Makers' Association came into existence and since ?—A. The first I heard of the Paper Makers' Association, it was mentioned to me as an inducement that I should close a contract which was then in negotiation ; that was in January, nineteen hundred. That contract I did close hurriedly, because I was told the association was in process of formation, and the contract was for one year at a renewal of the terms of the then expiring contract, which was at the price of \$2.23, net cash,—equal to \$2.23.

That contract began on the first of February, nineteen hundred, immediately preceding the formation of the association as I suppose. When the Eddy fire occurred we were obliged to look elsewhere for our paper. That fire made a very great shortage in paper in Canada for the time being, and the best that I thought I could do was to make a contract at \$2.57 delivered.

*By Mr. White, K.C. :*

Q. Your first contract was with Eddy Company ?—A. Yes.

That \$2.75 was a very high price, but we were face to face with the possibilities of a paper famine in Canada and I was obliged to take it.

That price we have continued to pay up to the present time, and the contract is now in force, will be in force for some little time to come.

However, there was one portion of the consumption of our paper which was not included in that contract. For that paper I have been looking about in the past few months for a supply. I have communicated with publishers in the States and they bought some paper from the International Paper Company, New York. The price of that paper was two cents at the mill, Corinth, New York. I got half a carload.

Q. What class of paper ?—A. It was the same as used in the *New York Herald*, Sunday edition, a much better class of paper, I consider than any being used in Canada that I had seen.

The freight upon the half carload was high, as it was more or less a sample order. I did not wish to order a car ; they sent me half a car at the same price, two cents and the freight added, forty-four cents from Corinth. I wrote the Company and they told me that that was due to my only taking half a car, but if I would give them further orders in carloads, the freight could be brought down to twenty-five cents a hundred, which would make the cost \$2.25 delivered in our office, for a quality of paper, as I considered, very much better than the paper which I am using, and better than that which I have seen used in Canada,—Canadian papers.

I also had a visit from the agent of the Manufacturers' Paper Company. That agent offered me in my office, to supply me with paper at \$1.80 f.o.b. near Watertown, with a freight rate of twenty-one cents, making the price delivered in our office \$2.01 without duty, per hundred pounds. That, of course with the duty on was really not much, because there was no use buying paper with that duty on, but without the duty would be a very considerable reduction.

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The next I heard about the Paper Makers' Association was shortly after this inquiry began to be talked about, when I had a visit from the representatives of a couple of mills.

Q. Canadian mills?—A. Yes, and I was asked if I did not want some paper, I said 'yes,' and one of the agents said to me: 'One of these mills has some paper they would like to sell you, and we would like to get your order and we will give it to you at \$2.50.' Well, I smiled and I said I did not think there was much of an advantage and did not think there was any use of talking about it and he said: 'That is the best you can do. That is the Association price, and that is all we can give you.' That, of course, I took to be an indication that at the time of that visit that the association price, which has since been reduced, was maintained by those two mills.

*By the Commissioner:*

Q. When was that?—A. I cannot say, but I recollect I had been in Ottawa in connection with this inquiry, and that is impressed on my mind by the supposition when I saw them, they came to talk the matter over with me. I do not recollect the date exactly.

Q. Within the last month or the preceding month?—A. I don't recollect the date exactly.

Q. That is about all you can tell us?—A. Yes.

Q. In your business, what have you found the effect of this Paper Makers' Association to be?—A. Well, the effect to me was that whereas on the twenty-fourth January, nineteen hundred, a paper mill was willing to make a contract and did make a contract with me at equal to \$2.23, that same mill was unable afterwards to make a contract or did not make contracts afterwards at less than \$2.50.

Q. What mill was that?—A. The Eddy mills.

Q. I am informed you were in Ottawa on the 10th of April; is not that the date?—A. I don't know the date; it was with the first deputation that waited on Mr. Fielding.

Q. Within the last three months?—A. Yes, quite so, representing the Press Association asking for this inquiry.

*By the Commissioner:*

Q. It was after the last resolution by the association?—A. Yes, it was on the occasion when these were presented to Mr. Fielding.

*By the Commissioner:*

Q. After this meeting?—A. Quite so; this meeting was about the 10th of April.

*Cross-examined by Mr. White, K.C., representing the Paper Makers' Association:*

Q. You have a contract now which has some time to run?—A. Yes.

Q. This contract was in force at the date of your interview with the Manufacturers' Paper Company?—A. Yes.

Q. Did he call on you to sell you paper?—A. Yes.

Q. Did you tell him you had a contract?—A. I might have.

Q. As a matter of fact, did you not tell him you had a contract before he quoted you these prices?—A. My contract does not cover all the paper I use, and so I need not necessarily have told him I had a contract, because I was prepared to buy paper, if I could have got it cheap enough.

Q. The quotations you have given us there are for news print?—A. Yes, but I had not contracted for the paper which I was seeking to buy.

Q. In the last instance, you say this representative of the Manufacturers' Paper Company quoted you \$1.80, f.o.b., Watertown, freight 21 cents, what was that for?—A. News print.

Q. And you were under contract for news print at that time?—A. I thought I had explained. A portion of the news print I use, I am under contract for, but there

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is a quantity of news print which we use in our business for which I am not under contract.

Q. Did this quotation apply to the paper you were under contract for or not?—A. The contract did not cover the whole consumption.

Q. You used news print that you have contracted for?—A. We print four or five weekly papers besides our daily paper. We have contracts with certain publishers to publish their papers.

Q. Do they supply the paper?—A. We supply the paper.

Q. What does your contract cover, that contract that you have to-day?—A. It covers the requirements of the Toronto *Daily Star*.

Q. Nothing else?—A. As I understand it, nothing else. The people with whom the contract is made understand we are buying paper elsewhere for those other papers, and don't question our right to do that.

Q. What was your reason for not closing at this price?—A. At this price, \$2.01 plus 50 cents for duty, would make it \$2.51; that was not an inducement.

Q. As a matter of fact, you found you could not buy paper in the States any cheaper than you could get it here?—A. With the duty added.

Q. Of course, with the duty added, because there is a duty?—A. My complaint is there is a duty there, under the circumstances.

Q. Really, what you would like to see done, is the duty taken off or lowered?—A. I had no complaint against the duty until the association intervened to influence the price a year ago last January. I had no complaint against the duty, because I considered the rate I was then paying was not an exorbitant rate. I think I have been paying a very exorbitant rate for a year past.

Q. I presume you would be willing to allow the manufacturers a reasonable and fair profit?—A. Yes.

Q. You would not expect to get your paper at cost or under cost?—A. I would expect to get it at the price which the market and which the conditions warranted.

Q. That would include a fair profit to the manufacturers?—A. Sometimes a fair profit and sometimes no profit at all, according to the conditions of the market.

Q. What, in your opinion, would be a fair profit to the manufacturer of paper?—A. I would assume, if an American mill, which has to pay more for its pulp than the Canadian mills, can sell at \$1.50, that our Canadian mills ought to be able to sell at less than \$2.37½.

Q. And the margin of profit to the Canadian manufacturer, do you think would be fair and reasonable,—we will come to the other question later?—A. I don't know.

Q. You are not prepared to say?—A. No.

Q. But you are prepared to admit, that there should be some margin of profit allowed to the manufacturer who has invested a large amount of money in his business?—A. I am certainly prepared to say that a man cannot carry on business below the margin of profit, but quite often a man will sell goods below the margin of profit for one or two months and make it up some other way at some other time, so that if the market is left to itself, the manufacturers may be expected to make a profit, or not stay in business.

Q. You know the practice is, to make contracts for one year or more?—A. Yes.

Q. That suited you at the time to make your contract at the same rate?—A. Yes.

Q. Would that be fair to the manufacturers?—A. Not if the newspaper publishers had an effective combination which prevented any body selling them at a lower price.

Q. You have a Newspaper Association, I understand, a Press Association. There seems to be associations all around to-day?—A. It is not effective as to prices.

Q. So that really your complaint is more a question of the duty than of being charged an exorbitant price by the manufacturer in Canada, is that right?—A. Yes, it would be quite useless to have a grievance against a thing that would not be remedied. The grievance here consists in the fact that the price here is so much higher than we can get it for in the open market.

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Q. Yes, but if the result of it coming in from the United States would be to close up the Canadian mills, would you be in favour of that?—A. I would be quite in favour of running the risk.

Q. Do you think it would be in the interest even of the newspapers to have all the workmen engaged in the manufacture of paper, and the incidental industries such as cutting out the pulp wood and the manufacture of the pulp, manufacture of chemicals, &c., all that enters into the production thereof, thrown out of employment for the sake of giving the newspapers a matter of three or four cents in the price of paper. Would you advocate that seriously?—A. It would depend a good deal on how the manufacturers were getting at three or four cents. If they had combined, I would feel towards them very much like as I would towards a highwayman that took three or four cents forcibly out of my pocket, but if I met him on the street, I would say to him: 'You may have the three or four cents.'

Q. That term 'highwayman' rather grates, you know?—A. Well, I withdraw that.

Q. Let us suppose that the paper you are paying \$2.50 for costs \$2.25 to manufacture and deliver—it is delivered to you, is it not?—A. Yes.

Q. And you get a discount of three per cent, would you consider that would be an unreasonable profit to the manufacturer?—A. It would depend altogether on the output the capital required for the output.

Q. Now, just explain how it depends on the output?—A. Ten per cent upon capital invested of \$30,000 is \$3,000, but ten per cent on \$30,000,000 is \$3,000,000 profit. You see, the profit increases very largely as you increase the capital.

Q. But I suppose, first of all, it is necessary to find the capital?—A. Yes.

Q. Of course, a man must have the capital?—A. Yes.

Q. That involves some previous exertion that you have not taken into account?—A. Yes.

Q. What I am asking you is, whether you consider a profit, say of 10 per cent, an exorbitant and unreasonable profit for the manufacturer to make. Just say yes or no, if you can?—A. I don't think it is possible to say yes or no to that question.

Q. You have no definite opinion on that subject?—A. No.

Q. You had no complaint when you were paying \$2.23 net at that time; there was no association then?—A. No.

Q. You had all the benefits of indiscriminate competition, and that was the price it was costing you at that time?—A. That was upon a rising market.

Q. But still that was the price?—A. Yes.

Q. And the rising market was not caused by the formation of this association? There was a normal rising market?—A. Quite so.

Q. Now, to-day the price net to you of \$2.37½ is \$2.30 with the discount?—A. I don't know; I presume so.

Q. So that the difference to you to-day is 7 cents per 100 pounds, is the difference between \$2.23 and the \$2.30?—A. Yes.

Q. You consider that most unreasonable?—A. Yes, I consider that the market to-day is in a very much better position for the purchaser than it was a year ago last January. When you take into account the market in the United States as well as in Canada, the market in the United States is in a very much better condition for the consumer to-day than it was then, so that, in my opinion, the \$2.30 to-day is more than 7 cents higher relatively than the \$2.23 that we had a year ago last January, but that \$2.23 I paid was not the lowest price in Canada. I did not get the best price then. There were prices much lower than that within a couple of months time, so that the \$2.23 is not to be taken as a low water mark for non-association prices.

Q. But to-day you are getting a uniform price?—A. It has the virtue of uniformity.

Q. Uniform discounts too. Now, you say that \$2.23 was not the minimum price; it was not the maximum price at the time of this contract?—A. So far as I know, it was the highest price for paper, consuming anything like the quantity we consume. I was hurried to a conclusion by the Paper Association over my head.

Q. And also by the fact that you knew that the market was rising ?—A. The market had risen to \$2.23.

Q. And was still rising ?—A. Well I don't know, I was quite willing at that time to take my chances on the market rising and get the paper week by week.

### EVIDENCE TAKEN AT TORONTO, 5TH JUNE, 1901.

SYDNEY STEPHENSON.

*Examined by Mr. Barwick, K.C. :*

Q. You are the proprietor of the *Chatham Planet* ?—A. Yes.

Q. And are a considerable purchaser of paper, I presume, too ?—A. I buy in fair quantities.

Q. You have some knowledge, I suppose, of the workings of this Paper Makers' Association ?—A. I believe I have had.

Q. Will you be good enough to tell us what the results of your observations as regards the workings of that association are ?—A. My paper contract expired in the early part of last year. I was then paying \$2.10 delivered.

At the expiration of that contract, the next best price I could get was \$2.75 and I had to pay my freight.

Q. That you found was the general price everywhere ?—A. That I found was the general price everywhere amongst manufacturers with whom I had correspondence, I also discovered, that my competitor who lives fifty miles beyond me could get his paper delivered free, whereas my town not being a competitive point we were compelled to pay our freight in addition to the regular price of \$2.75, which made it very hard upon publishers like myself.

Q. You are speaking of Windsor ?—A. Yes, the paper was delivered, carried through Chatham, and delivered in Windsor free, but I was compelled to pay the same price as was arranged by the combination.

Q. Chatham not being an equalization point ?—A. Not an advantageous point.

Q. What was the price you were paying ?—A. Two dollars and ten cents.

Q. To whom ?—A. The Riordan Mills, of Merritton. I remonstrated with the paper mills, and the matter was left in abeyance for some time until an answer could be given to my protest, and I found that they were not able to change the arrangement that they compelled me to comply with.

Q. That is, the freight arrangement ?—A. Yes.

Q. To whom was that complaint made ?—A. To Mr. Stephenson, a namesake of mine, no connection.

Q. Who is he ?—A. He is the secretary of the Riordan Paper Company.

Q. Your complaint was made to him ?—A. Yes.

Q. Was that made by correspondence ?—A. Yes.

Q. Have you the correspondence with you ?—A. Yes.

Q. Allow me to see it, please ?

Copy of letter, March 22, 1900, produced, as P—16. Letter to Jenkins and Hardy.

'DEAR SIRS,—I am much surprised to find in the arrangements of your petitions of delivery of paper, Chatham should have been omitted, when such points as Sarnia and Windsor have been allowed, when double the quantity of stock is consumed here each year than at either of the points mentioned.



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'I would be glad to know the reasons advanced (if any) why such a conclusion was arrived at, and cannot believe the association is desirous of being a party to such a manifestly unjust act.'

Letter from Jenkins and Hardy, filed as Exhibit P—17, as follows:—

'March 22nd, 1900. *Re* Paper Makers' Association of Canada.

'We beg to acknowledge receipt of your favour of the 22nd instant, which we will lay before the association at its next meeting, when the matter will have due attention.'

Letter from Riordan Paper Mills Company produced as Exhibit P—18, as follows:

'July 10th, 1900. Dear Sir,—Our recent quotation for print paper was for car lots; if in less than car lots, price would be 3 cents f.o.b. Windsor. Terms three months of 3 per cent thirty days.

'Trusting that our figures are acceptable, and to be favoured with your contract.'

Letter to the Riordan Paper Mills Company, dated July 12, 1900, filed as Exhibit P—19, as follows:—

'DEAR SIR,—I am just going west, but upon my return will find your answer awaiting me.

'You say f.o.b. Windsor. Please explain if this means that you will allow me the same freight as if it was billed to Windsor, and that the paper will be consigned to this point, and if so, please give me an approximate on a car. I have offers at the same as you quote from travellers, but I have not discussed the matter with other parties up to the present.'

Letter to the Riordan Paper Mills Company, dated July 19, 1900, filed as Exhibit P—20, as follows:—

'DEAR SIR,—I would simply look upon such a discrimination as dishonest, and I can only express my amazement that the manufacturers of paper would be parties in such small-minded legislation. Individually, I can only assume that you opposed the enforcement of such a measure, and I have yet to meet a single representative of any paper mill in Canada who does not ridicule the motion, and say "Our hands are tied."

'I would rather lose double the amount than to know that I had to submit to such a ruling, however, I suppose I must submit to the inevitable and await my time until the tables are turned.'

Letter from the Riordan Paper Mills, dated July 20, filed as Exhibit P—21, as follows:—

'DEAR SIR,—Your favour of the 19th instant is received. We quite agree with you that there should be no discrimination in freight. Some time ago we applied to have Chatham put on the delivery list, only on your account, as we sell no one but yourself in Chatham. We are personally taking up this matter, and hope to report success. In the meantime, we are unfortunately not in a position to allow any different freight.'

Letter from the Riordan Paper Mills, dated August 17, filed as Exhibit P—22, as follows:—

'DEAR SIR,—We are in receipt of your favour of the 16th inst. The oversight on our part was in failing to advise you, that we could not fill your order by shipping it to Windsor. We took steps to learn if this could be done, and not violate existing freight arrangements. We found we could not do so and apparently did not advise you, as we fully intended doing.'

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'We can sell you in no other way than invoiced, and as we are trying to have Chatham made a delivery town, trust you will appreciate our position in the matter.'

Q. Mr. Stephenson, you do a large job business, I understand?—A. Yes.

Q. Has the Paper Makers' Association affected you in your buying papers for the jobbing trade?—A. Oh, yes.

Q. Now, tell us in what way; explain that to us?—A. We are buying, of course, our jobbing papers largely outside of the country. We are buying in England and also in the States, and really I am not familiar with the current prices of papers in Canada as perhaps as much as I should be, as I buy very little paper in Canada for the last year and a half, in consequence of the increase in price.

*Cross-examined by Mr. White, K.C., representing the Paper Makers' Association :*

Q. So far as job papers are concerned, you find you can buy all your requirements more advantageously outside of Canada than you can here, notwithstanding the fact that there is an association?—A. Yes.

Q. Now, Chatham to-day is an equalization point, is it not?—A. Within the last three weeks only.

Q. Is it not a fact that it was changed in January last?—A. No.

Q. You are quite sure of that?—A. I am positive of it.

Q. Have you any other correspondence relating to this matter?—A. My invoices will bear me out.

Q. I am speaking of correspondence?—A. No, none that I know of. I think not.

Q. Have you a letter from the Canada Paper Company in January, 1901, advising you of the change?—A. I have not. I may have received one, but I am not aware of it.

Q. You don't recollect?—A. Change in freight rates in January?

COUNSEL : Yes; making Chatham a delivery point.—A. No, I have not.

Q. I might tell you for your consolation that that is a fact?—A. I think you are wrong. It is as far as London. I was advised the freight was made to London, not to Chatham.

Q. Now, when you are dealing so much with the United States in other papers, I presume you made inquiries as to buying your supply of news print there?—A. I have not, but I made inquiries as to the current prices of news in the States.

Q. You buy your paper as an ordinary business man would, where you can get it to the best advantage, and you have contracted for news print in Canada?—A. Yes.

Q. As a matter of fact, your contract is in Canada?—A. Yes.

CHARLES N. ROBERTSON.

*Examined by Mr. Barwick, K.C., representing the Press Association :*

Q. What is your position in the Ottawa Journal?—A. Secretary-treasurer of the company and business manager of the Journal.

Q. You have some knowledge of the Paper Makers' Association?—A. Contracts for the paper are made by myself for the company.

*By Mr. Barwick :*

I understand Mr. Robertson has written down the position in the form of a letter, and with your Lordship's permission, I would ask him to read that, and then hand it in to you. He summarized his evidence with a view of handing it to you.

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*By the Commissioner :*

Let him refresh his memory by looking at his notes.

*By Mr. Barwick, K.C. :*

Q. Tell us what the effect has been. Read that slowly.—A. The *Journal*, previous to the fire of April, 1900, had purchased its paper almost exclusively from the Eddy Company for some years. The price had gradually been reduced during this year. During 1896 the price paid was \$2.75 per 100 pounds; that is, of course, delivered at the *Journal* office, settlement being made by sight draft. In February, 1897, the price was reduced to \$2.65, the settlement being the same, and in June, 1897, it was further reduced to \$2.50. In August, 1897, it was reduced to \$2.35, and in August, 1898, one year afterwards, to \$2.30. In October, 1898, the Canada Paper Company tendered for the *Journal's* supply of paper at \$2 per 100 pounds, net cash, laid down in Ottawa at the *Journal's* office. The Eddy Company, through their representative, Mr. Hall, verbally tendered at \$2.20 less 3 per cent. The Canada Paper Company's paper on trial did not suit the *Journal* and the Eddy Company, on the 22nd of November, accepted an offer from us at \$2.03 per 100 pounds net cash.

Letter from the E. B. Eddy Company, of November 22, 1898, filed as Exhibit P—23, as follows:—

'DEAR SIRS,—This is to confirm the contract made between your good selves and us by your Mr. Robertson and our Mr. Hall this morning, whereby we sell and you agree to buy from us your full supply of No. 3 news in rolls for one year from this date (or if you prefer to the end of 1899); we to take advertising space in the *Journal* to the extent and value of \$240 per year, that is, \$20 per month, provided your purchases amount to 200 tons over the year. The two contracts, for paper and for space, to run concurrently.

'If the foregoing is correct and acceptable to and accepted by you, please so advise us by return of mail when our advertising department will at once send you copy for advertisement to be inserted.'

*Witness continuing :*

The price of \$2.03 was to run as per this letter, for one year, and we continued purchasing paper from the Eddy Company during this year, which ended on November 22, 1899.

At the expiration of the contract, the arrangement was not disturbed and we continued with the Eddy Company on the same price and terms up to February 14, 1900, when the Eddy Company's representative, Mr. Hall, called on the *Journal* and stated that our contract had expired, as we were probably aware, and that the Eddy Company would have to ask an increase in price. On being asked what the price would be, he stated an increase of 10 per cent, bringing the price up to between \$2.20 and \$2.25, and that we could obtain a contract for the year at that price if we wished.

On being asked whether his firm desired to have the matter settled at once, or if a few days could be given to consider the matter, he intimated that there was no haste, and being asked to call in two weeks, he stated that he would.

In the interval having been advised that a movement was under way for the formation of the Paper Makers' Association, which would probably increase the price, we accepted Mr. Hall's offer as per our letter of February 22, 1900.

This letter is filed as Exhibit P—24, dated Ottawa, February 22, 1900.

'Mr. ALBERT E. HALL, The Eddy Co., Hull, Que.

'DEAR MR. HALL:—

'With reference to your request for an increase of 10 per cent in the price of our paper supply—the undersigned has gone over the matter carefully with our Mr. Ross,

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and we see no occasion, nor have we any desire to look elsewhere for our paper. You were to call the last of the month or the first of March for our reply. We hope that if your firm cannot do better by us, you will at least retard for a time the putting of the price into effect. When you have put it into effect, if you will call upon us with any agreement which you desire to have us sign for the year's contract, we will sign it.'

Witness continuing :

In reply to this acceptance we were informed that the offer did not hold good unless accepted at the time. We endeavoured to bring home to the Eddy Company the fact that their offer had been made and had been accepted by us in good faith and besides seeing them, we also wrote them on March 7.

This letter is filed as Exhibit P—25, from the *Journal* Printing Company to the Eddy Company, of date March 7, 1900, as follows:—

'We have your favour of March 5th, and in connection with the conversation I had with you yesterday we beg to inclose our business manager's statement as to the view he took of the offer of your Mr. Hall on February 14th, to contract for our year's supply of paper at 10 per cent advance, i.e., at \$2.23.

'You will readily understand that had we not been perfectly sure that the order was open to acceptance until after March 1st, we would have closed at the time. We can understand your position when you assure us, that your arrangement with the Canadian Paper Makers' Association does not admit of your making contracts except at their rates. We trust that the fact that we accepted your offer in good faith and that had it not been for your arrangement with the Paper Makers' Association, you would have carried it out, and adding to this your often expressed desire to give us every assistance, will permit of your giving us this price, with the sanction of the Paper Makers' Association, or at any rate a substantial reduction in the present rates. We trust you (and they on the presentation of the case to them) will take the matter under favourable consideration. In the meantime, we understand that pending reference to the Paper Makers' Association, we have the option of a contract for a year, at \$2.50 per 100 pounds, dating from March 1st., subject to your usual trade and cash discount.'

*By Mr. White, K.C. :*

Q. You have personal knowledge of all the matters you are speaking of?—A. Yes, sir. I might add in that connection, of that dispute that arose, was the question as to whether Mr. Hall's offer should stand open until the 1st of March; he clearly made the offer so that it would stand open. He said he would call for our answer on the 1st of March. This was on the 14th of February, at least two weeks before. I looked at the calendar and asked him if he would call in a couple of weeks. The only object was to put the evil day off as much as possible.

Q. That is Mr. Hall of the Eddy Company?—A. Yes, I believe the Paper Makers' Association was formed on the 20th of February, and I had information that came to us through one of the employees of the Eddy Company. We were told this meeting was being held, and that the prices of paper would very likely go up, and we had better get an acceptance from the Eddy Company of this open offer, and the acceptance was sent to them and they stated that the offer was not made good for any length of time. It should have been accepted at once, and I said we inclosed with that letter, my statement, the business manager's statement. There is the statement we inclosed to the Eddy Company.

Statement of the *Journal's* business manager to the E. B. Eddy Company :

'OTTAWA, March 7, 1900.

'DEAR SIRS,—On or about February 14th your Mr. Hall called upon us and stated that since our contract had expired, it would be necessary to increase the price which

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we were paying for paper. When asked what the increase would be, he stated 10 per cent. Upon expressing the hope that the Eddy Company would give us time to look into the matter and give our answer, he stated that there was no desire to be urgent, and when it was suggested that he should call in two weeks, being the last day of February or the first day of March, he agreed to it.

'On going over the matter with our managing director, we arrived at the conclusion that no advantage could be derived by looking elsewhere, and that the increase was not an unreasonable one. Adding to this our pleasant relations with the Eddy Company, we concluded to accept the offer, which we did on the 22nd February. Much to our surprise, however, we were informed that the offer of your Mr. Hall was made subject to immediate acceptance. Your Mr. Hall said absolutely nothing about immediate acceptance, but, on the contrary, agreed to call in two weeks. We naturally presume, as we think any one else would, under the circumstances, that he would call for our reply if not sooner received.

'The above facts, added to the fact that had it not been for the agreement reached on the 20th February by the Canadian Paper Makers' Association, would have resulted in our obtaining a contract at \$2.23, will surely entitle us to consideration at your hands.'

After sending that letter with the inclosure, both Mr. Ross and myself called on the Eddy Company. I saw Mr. Rowley and Mr. Eddy together in their office. They stated that owing to the arrangement entered into with the Paper Makers' Association, and seeing that our acceptance of their offer did not reach them prior to that time, and that, in fact, so far as their firm was aware, they had nothing to show that such an offer was made to us. They, therefore, were compelled to repudiate any offer which their Mr. Hall might be considered to have made. During the conversation Mr. Eddy stated that they could not lay themselves open to the penalty which would be imposed by the Paper Makers' Association for the violation of the agreement, and it was brought out that that penalty was \$1,000.

Now, Mr. Eddy brought this out this way. He did not state plump open that there was a penalty of \$1,000, but on looking around he said: 'Now the price of commodities have gone up, and besides that, while we value your trade, we are not prepared to forfeit any sum of \$1,000 for the sake of taking you on, and breaking the Paper Makers' arrangement. The amount of \$1,000 was mentioned that time by Mr. Eddy. He did not mention that it was a fine. He mentioned they were not prepared to forfeit that amount to get our trade by breaking their rules.

*By Mr. Barwick (continuing):*

Q. What you mean to say is you inferred that it was a forfeit of one thousand dollars?—A. Yes. The amount of one thousand dollars was discussed afterwards with the Eddy Company, and they stated there was no fine.

The only conclusion we could arrive at was, since this was only a few days after their first meeting, the fine must have been arranged by that time, but there was a plain statement that there would be a fine if they did consider that.

Q. It appears from the evidence yesterday that the fine was \$500?—A. It was further stated by Mr. Eddy that there would be no way of covering up the fact that our acceptance had not reached them prior to the formation of the Paper Manufacturers' Association, which we understand was formed on the 20th February, and that they would do nothing to show that an offer had been made us and that this would be shown, as their business was open to the inspection of duly accredited representatives of the Paper Makers' Association. The Eddy Company would not bill us until the prices were fixed by the Canada Paper Makers' Association; a notice to that effect was sent us on March 5th.

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Notice referred to is filed as Exhibit P—27, dated Hull, 5th March, 1900, as follows :—

‘DEAR SIRS.—Inclosed please find specifications for paper shipped you on the 20th instant amounting to 5,006 and 4,964 pounds for which we will send you invoice as soon as the price and terms fixed upon by the Canadian Paper Makers’ Association have been advised to us for this paper product, but you may be sure that not only will you have as low prices, but the best attention, as prompt delivery and the most favourable terms and discount going, for we are, in this as in all other matters, always with pleasure at your service, and only regret that you did not take advantage of the opportunity offered on a rising market by contracting for your requirements over the year with,

‘Yours truly,

‘THE E. B. EDDY COMPANY.’

They wrote us on March 10 inclosing the terms.

Letter of March 10, from the Eddy Company, filed as Exhibit P—28 as follows:—

‘DEAR SIRS.—Inclosed please find invoice and specifications for shipment of roll news to you under date of 28th February, 3rd, 6th, and 9th instant, weighing in all 18,780 lbs., which, subject, if you please, to the approval of and confirmation by the Paper Makers’ Association of Canada, or otherwise to necessary alteration and advance in price we have invoiced you at \$2.50, and beg leave to say that as the uniform quantity price for roll news, as fixed by the C.P.M.A. is \$2.50 for car-loads ; \$2.75 for two ton and up lots ; \$3.00 for less than two ton lots, with an advance of 25 cents per 100 for similar quantities of ream news and a further advance or extra charge for frames or any frames news, we have invoiced you this lot at the minimum price in effect for the maximum quantity, and if you please to confirmation of our action in this connection on your behalf, as stated above ; and we have to add that if you are inclined to do so, we are ready to enter into a contract with you at current prices although the market is steadily advancing, for your requirements over the year 1900, and to say that if you will name a day when we may call upon you, we will with pleasure do so, meanwhile remaining Yours Truly.

P.S.—This will serve to confirm the conversation had with you and to acknowledge your letter of the 7th.’

WITNESS (continuing).—During all the time we had been getting our paper from the Eddy Company, it had come up in wagon-loads, the reason being that our office is situated less than a mile from the place where the paper is made, so no railway facilities would equal the wagon facilities, and, of course, it was developed that we would require to pay \$2.75 if we got it in wagon-load lots, and if we could take it in car-load lots we could get it at \$2.50. We were willing to give an order for car-load lots, but we wanted it delivered in wagon lots as our storage place was limited. They stated they would deliver it in wagon-load lots, but they would bill us at the car-load lot price, subject to the ruling of the Canada Paper Makers’ Association. The rules were that they wished to have the paper makers’ permission to bill us the car-load price for wagon-load lots, because wagon-load delivery was the only delivery that could be made to us in Ottawa, unless they put their wagons on and delivered a full car-load in one day.

We wrote them on the 12th March asking for information as to how they would act.

Letter dated March 12, 1900, from the Journal Printing Company, filed as Exhibit P—29 :—

‘DEAR SIRS.—We have yours of the 10th March. We understand that you invoice at \$2.50 per 100 lbs., subject to the permission of the C.P.M.A. to deliver in wagon-load lots. Also that you are ready to enter into a contract with us at current

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prices for our year's supply. You also intimated in your conversation that the option to enter into this contract at present current rates would hold till after you got a decision from the C.P.M.A. as to delivery.

'Please advise us if our understanding of the matter, as above, is correct. In this event we will be glad to have you inform us as soon as you have the decision of the C.P.M.A.'

On March 16, we were told by letter that a reply would be retarded until the return of their managing director who was attending a special meeting. That was in answer to this letter which has already been filed.

Letter of March 16 from the Eddy Company, filed as Exhibit P—32, as follows:—

'DEAR SIRs,—The reply to your letter of the 14th inst. will, if you please, be delayed until the return of our managing director, who is at present attending a special meeting of the Paper Makers' Association.'

In looking that over, it looked to us this way, that we would bind ourselves to the contract of \$2.50, and if the Paper Makers' Association ruled that we would require to take it in car-load lots, why, we could not do that, and as a result we would be tying ourselves to pay \$2.75. So we wrote them asking further particulars.

Letter March 14, 1900, to the Eddy Company, filed as Exhibit P—31, as follows:—

'DEAR SIRs,—We have yours of the 13th, but it does not make clear to us the points we desire to be informed on. May we ask your reply to the following:—

'1. Have we an option of making a contract with you for a year's supply at \$2.75 per 100 lbs. in wagon-load lots, or \$2.50 in car-load lots, delivered (less 3 per cent 30 days), and will this option hold good till after we hear from you the decision of the C.P.M.A. with reference to the question of delivery ?

'2. If the C.P.M.A. decides to permit wagon-load delivery at \$2.50, will the amount delivered thus previous to their assent be \$2.50?

'3. If they do not assent, and we contract for car-load lot delivery at \$2.50, will what has been delivered to date be at the car-load rate of \$2.50?

'4. If we make a contract for a year with you at present or after we hear from you *re* C. P. M. A., and there is a decrease in price during the year, will we get the benefit of it?

'5. When do you expect a decision from the C.P.M.A. ?'

This was the reply which we received from the Eddy Company of the 16th March:

Letter March 16, 1900, filed as Exhibit P—32, as follows:—

'DEAR SIRs,—The reply to your letter of the 14th inst. will, if you please, be delayed until the return of our managing director, who is at present attending a special meeting of the Paper Makers' Association.'

While these letters were going backward and forward, we, of course, were trying to see if we could not get a supply elsewhere in Canada. We tried the Canada Paper Company, the Riordan Paper Company, and, I believe, the Dominion Paper Company. Each of them regretted that they could not see their way clear to take us on, although previously they had been looking for our business.

Q. Have you got these letters?—A. They were personal calls I made.

Q. Did the representatives of each one of these companies call?—A. No, I called on three paper companies; in March I called on the Canada and the Dominion Paper Companies, and the third was Rolland, but if I remember right they were not making No. 3 news at that time.

Q. Now, that is rather interesting about this conversation. I would like to hear a little more about that?—A. The Canada Paper Company had tendered for our supply just previous to that. When I called I saw Mr. McFarlane, the manager.

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Q. What was their tender?—A. The tender that had been made a year previous by the Canada Paper Company was \$2.

Q. Did they give a later tender?—A. No, because we were under contract all the time with the Eddy Company.

Q. You went to the Canada Paper Company in Montreal. When was that?—A. That was in the first few days of March.

Q. Whom did you see?—A. Mr. McFarlane.

Q. Is he the representative in Montreal?—A. Yes.

Q. Tell us the conversation you had with him?—A. We wanted to know why he could not take us on. He said that they were full up; the increased circulation caused the newspapers by the Boer war had tended to take up all the supply that they had, and he also intimated that the cost of production may have gone up some, but the trouble was not so much the cost of production as it was that they had reached the limit of their capacity.

They were supplying the *Star* and other papers under contract, and the full production of their mill was taken up, and they could not see their way to let us have the paper at that time, although at the time of the Eddy fire they obliged us with some paper when we were short.

Q. The Paper Makers' Association was not discussed with Mr. McFarlane?—A. It was, I think. Yes, I am sure it was, but there was nothing brought out in the conversation dealing on this. If I remember, Mr. McFarlane was very careful in his conversation.

Q. What was the other company you went to?—A. I would not be positive. At the Dominion Paper Company the conversation was of a similar character; that they had no paper to spare.

Now, during a time, and the days following we had been trying to secure arrangements elsewhere; the Eddy Company intimated to us that they heard we were looking elsewhere for our paper, and as it seemed to us that it was a case of having to abide by the Eddy Company, if at all, we wrote them on March 23.

I might state that the Eddy Company seemed to be in possession of the information that we had been dickering with the other manufacturers. Of course they did not say so, but it was the only inference we could draw, and therefore to appease them we wrote this letter.

Letter March 23 to the Eddy Company, filed as Exhibit P—33, as follows:—

'DEAR SIRS,—In reply to yours of March 22nd, we beg to state that the *Journal* does not intend to make arrangements to get its paper from other than the E. B. Eddy Company pending your reply to our last letter. This reply, we would, of course, like to have as soon as you are in a position to let us have it in a favourable manner, i.e., after the P. M. A. has sanctioned the wagon-load delivery clause.'

WITNESS (*continuing*)—Lest it might be thought we were acting unfairly with them, I may state that we gave them as our intention that we were not looking elsewhere because we had been looking elsewhere and we could not get any paper in Canada, and it simply was a case of the Eddy Company or no one else.

Finally their representative called on the 12th of April, and we dictated a letter. I might say that their representative who called on us was their head paper-maker, Mr. Lumley, and not their usual representative, Mr. Hall. Mr. Lumley told me Mr. Rowley was out of town and the Eddy Company were open for business and if we wished to make them an offer to purchase paper at the Paper Makers' Association price, he did not see any reason why they would not contract with us. You will note that they would not give us a contract at \$2.50, but Mr. Rowley was out of town and Mr. Cushman was there, and Mr. Cushman might undoubtedly accept the offer we might make.



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The offer we made was this :—

Letter April 12, to the Eddy Company, produced as Exhibit P—34, as follows:—

‘DEAR SIRS,—If agreeable to you, we will close a contract with you for twelve months from date for our full supply of our number three news. Price, two dollars and fifty cents per 100 pounds, less 3 per cent for 30 day draft. We will have pleasure in acknowledging your acceptance.’

We received on the 13th of April an acceptance from them, signed by Mr. Cushman, Secretary-Treasurer.

Letter from the Eddy Company to the *Journal* of April 13, filed as Exhibit P—35, as follows:

‘DEAR SIRS,—We are in receipt of your proposal for contract for full supply of No. 3 news of the 12th instant to our Mr. Lumley and have pleasure in acknowledging the acceptance of the contract at prices and terms named by you therein.’

WITNESS (*continuing*).—I have a little statement here which I think I will read. It might not reflect very creditably on the Eddy Company, but it was the only deduction we could make.

Q. Leave that out. I only want you to state the facts of the case?—A. We had been getting our paper from the Eddy Company until the time of the fire, and this fire occurred on the 26th April, 1900. Of course, this fire destroyed all the plant and the mill and after that fire we sent out numerous applications for paper, but owing to the greatly inflated circulation at the time owing to the Boer war, most of the Canadian paper-makers had the entire output sold. Some of them wanted an increase in price owing to the shortage caused by this cause, and the wiping out of the Eddy Company's plant.

C. W. Thompson, of Newburg, agreed to supply us paper at \$2.75, less 3 per cent, 30 day draft. This was the terms of the Paper Makers' Association except that he tacked on 25 per cent additional. He promised to send us a carload on trial first and we could make a contract afterwards if we desired. The paper was not quite satisfactory, but it was as good as was available at the time and as he could not supply us with a carload at one time, it left us free, and we were not obliged to make a contract and tie ourselves indefinitely or for a year, so that we continued taking from him off and on until the close of September, when, owing to the unsatisfactory supply, we had to stop taking from him. During all that time he had sent us a carload and we were obliged to make a contract if we wanted to continue. He had sent us equivalent of three or four carloads, but they came in small lots. We telegraphed most of the paper manufacturers at the time of the fire and they did not care to take us on. Forde and Company of Portneuf said they would come to see us. The senior member came to see us after the fire. He said they had been making wall paper and he stated his machines were fitted up to make No. 3 news, and he said he would switch over to No. 3 as there might be a scarcity of No. 3 in the country and he could make money on it. I asked him what the terms would be. He shrugged his shoulders and he said: ‘Of course they have to be the terms of the Paper Makers' Association.’ He said: ‘We have not been making paper, although we belong to them and I will have to make sure what the terms are,’ and I told him what the terms were, so after we told him the terms, we made arrangements of this character, much the same as with the Thompson Company, which he accepted.

Letter, April 30, 1900, filed as P—36, to Forde and Company, as follows :—

‘DEAR SIRS,—In conformity with the conversation held with your Mr. Forde, will you please book our order for a carload of No. 3 news to be 38½ inches wide and of a weight such that 100 papers of this width and 23½ inches in length (two sheets) may be obtained out of 13½ pounds.

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'We will ask you to be so good as to send us on this order, as soon as possible, about a dozen rolls, in order that we may try the paper. If we find it satisfactory we will ask you to send on the balance and it will be understood between us that should we desire we may have the privilege of entering into a contract with you for our year's supply of 38½-inch paper, the price to be \$2.50 per 100 pounds, f.o.b. Ottawa, less 3 per cent for thirty-day draft, and this price will also apply to the lot ordered above; the paper in style and finish to approach that given your Mr. Forde.'

It turned out that this paper was much too heavy. They had not been making paper and of course, had no expert paper-makers. After they had sent us a provisional lot, they sent us the balance of the carload. The difficulty was to send us the first few rolls and not bill the first few rolls at \$2.75, but that was gotten over by giving an order for a carload, of which they sent out first a few rolls.

During the month of August, 1900, the Riordan people started supplying us with paper at \$2.50, less 3 per cent, and we continued taking from their mill until December or January of 1901. Their supply was very unsatisfactory, and they stated that the trouble was with the lack of water. I believe there was a short supply from the Welland canal for one of their mills, and they sent us several very nice letters regretting that they could not overcome it and hoped we could overlook the matter, but one day when I was away from the office, we ran short of paper, and Mr. Ross cancelled the contract.

We had been approached several times by the Laurentide Company, and as late as December, 1900, their representative, Mr. Gascoigne, called on us and wished to know if we were at liberty to make a contract. We stated we were at liberty to make a contract. We said that the Riordan Company had failed in carrying out their obligations and that if we wished to cancel that contract, we could. So, when I told Mr. Gascoigne we were at liberty to make a contract if we desired, he wanted to know if the price would not interest us, and I asked him whether the price would be different from that of the Paper Makers' Association, and he said they could make a price different from the Paper Makers' Association, the reason being that they were not members of the Paper Makers' Association, and he was feeling around to see whether we would likely make a contract, and I was feeling around to see what the price would be, and he wished to know whether I could not make a contract now, and I told him the Riordan people had treated us very well and I did not feel like cutting them off short without another little trial, and when he heard that he said: 'You must not consider this is a quotation, but' he said, 'I would advise you to make arrangements now if you are going to make an arrangement.' He said: 'Mr. Alger has been approached several times to enter the Paper Makers' Association, but has not as yet joined, but I think he will join shortly.' He is the manager of the Laurentide Pulp Company. He said: 'I think he will join shortly and of course if he does join the prices will be the prices of the Paper Makers' Association, and you will lose your opportunity of getting it at a lower rate.'

I did not close with him at the time, and I asked him after whether he did not join the Paper Makers' Association, whether the price would go up. The price did not go up but became cheaper in fact, as the circulation of the papers was falling off and he said: 'No, if they join, they would require to hold to the arrangement; that there was a fine imposed for not holding to the arrangement, and' he said, 'Of course, if the Laurentide joined they would not be bothered by the fine, but they would want to live up to the rules of the Paper Makers' Association.'

Finally, at the end of January, when we broke with the Riordan people because they let us run short on two occasions and we had no paper, we entered into correspondence with the Laurentide Company, and as a result made a contract, and of course, this contract had to be at the Paper Makers' price, because they were then members of This is a side issue, I might say, that we had tried at the time of the fire to get paper from the American manufacturers. We wrote several and we could not get any reply.

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That would indicate that we could not get paper over there. We wrote two firms in Watertown, which afterwards apparently turned out to be controlled by the International Paper Company.

We wrote three times to the International asking them because all these mills directed us to the International, but we got no reply in answer to the three letters we wrote them.

I mentioned this to Mr. Alger once, and the only reply I got was a smile. I asked him the significance of the smile, and he said they would not come into Canadian territory, and it did not bother the Laurentide Company at that time because they were shipping almost exclusively to the British market.

I might add that of the various letters submitted, originals to those produced are in this letter book if they are required.

*Cross-examined by Mr. White, K.C., representing the Paper Makers' Association:*

Q. You have no further letter from the International?—A. No, sir. We wrote them three times but got no reply.

Q. How long have you been in your present position as manager?—A. Between four and five years. I have been with them about eight years.

Q. You know the Journal, or the representatives of the Journal, are members of the Press Association of Canada?—A. Yes, sir. I am a member of the association and so is Mr. Ross.

Q. And you have been active in the legislation which has led to this Commission?—A. Mr. Ross has taken a more active part. He is the proprietor, practically, of the *Journal*.

Q. Does the Journal Company do job work as well as newspaper?—A. Nothing but newspaper, and we use nothing but No. 3 news in rolls.

Q. Now, these facts that were stated to you by Mr. McFarlane, that the supply of paper in Canada was running short, that the demand had been greatly increased by the consumption of the newspapers owing to the war, etcetera; you have no reason to doubt these facts, have you?—A. No, sir, not that the supply was fully taken up; we have no reason to doubt that. I have no doubt that the statement made by Mr. McFarlane that all the available paper which the manufacturer produced was taken up on account of the inflation of newspapers.

Q. Why did you say that within a very short time afterwards the Canada Paper Company were able to supply you?—A. They were very kind to us at the time of the fire. They shipped us four or five rolls by express to get our next issue out. We bought various lots at three cents.

Q. Was it not told you that they could not take a regular contract at that time; that this was a matter of accommodation simply?—A. I believe they probably said that.

Q. And how much did you get altogether?—A. I could not state positively, but during that time I think it was over a carload; probably less.

Q. You might state the circumstances under which you ordered this carload; how did you order it?—A. We telegraphed for some, and we wrote for others, and I was in Montreal, I think, and saw Mr. McFarlane about it. He was particular to explain that they wanted our contract, and wanted it very badly, because he stated the supply of paper for newspapers would not be so large very soon and he wanted to take us on. And he said finally that the trouble was not so much the question of cost as it was a question of having all their capacity taken up by present contracts.

Q. What other inquiries did you make at that time? You say that you saw representatives of various paper companies about March, 1900?—A. March or April, along that time.

Q. Did you make any other inquiries as to getting your supply from other manufacturers besides those you saw?—A. We wrote and telegraphed quite a number of places, but the reply, as a rule, was: 'full up.'

Q. Why did you go to the Rolland Company ?—A. We had never any dealings with them, but I wanted to know if they manufactured No. 3 news.

Q. And you found out they did not ?—A. Not at that time ; they stated they could if we wanted it and were willing to pay the price.

Q. What did you pay the Canada Paper Company ? What did you pay for your supply of paper after the fire ?—A. We paid three cents for a small lot they billed us at \$2.75. And Thompson, he stated he could sell all his output especially after the Eddy fire because the requirements of the paper in Canada, at least, the visible quantity was suddenly cut short and everybody was bothering him for paper.

Q. Is it not a fact that you found from your inquiries that the ruling price for this No. 3 news in Canada was higher than the prices that had been fixed by the Paper Makers' Association ?—A. No, sir, because just previous to the Paper Makers' Association, in fact, at the very time of the Paper Makers' Association—

Q. I am speaking of the time you bought after the fire occurred. I ask you if you did not find that the ruling price was higher than the prices fixed by the Association, that is, \$2.50 with 3 per cent off ?—A. Immediately after the fire it was, but not at the time the Paper Makers' Association was formed, because we had an offer at the time it was formed at a lower rate and that was jumped up because the Paper Makers' Association was formed.

Q. Are you prepared to make that statement that it was purely because the Paper Makers' Association was formed ?—A. Yes, sir, the Eddy Company told us that they would be glad to make a contract with us, but they could not on account of the price of the Paper Makers' Association.

Q. Is it not a fact in your experience that the price previous to the organization of the Paper Makers' Association had been steadily advancing, say for a year, or six months ?—A. Not in our experience.

Q. You are sure of that ?—A. I am sure.

Q. What was your contract immediately before that ?—A. Our contract was \$2.03 net, but that contract expired in November.

Q. What was the offer made you in November when your contract expired ; you looked around to make another contract ?—A. Our contract expired in November, and they never touched us.

Q. What offer did you get then ?—A. They told us the increase would be 10 per cent, that the price was going up ; they were at liberty to curtail that contract and they did not do so.

Q. When was the price advanced to \$2.23 ?—A. On the 14th of February, and they gave us ten days, through their representative, to consider it. On the 20th of February the Paper Makers' Association was formed and within three days we were told we could not contract except at \$2.50.

Q. What I want to know from you is, whether it is not a fact that at the time the Association was formed that the price of paper was advancing, that you know it ?—A. The only thing we have to go on, the only thing we know is that they told us.

Q. The inference is quite clear, if you don't want to admit it, you need not. It is quite clear from what you stated that the price was advancing in February, 1900. You know, as a matter of fact, that the price was advancing ; that was a rising market ; you have spoken of it as a rising market ?—A. The surest test of that was that we were willing to close this contract at 10 per cent advance.

Q. You did not close at that time ?—A. We closed within one week of that time. You merely asked for my experience and I have told you from my experience.

Q. I presume that facts stated in your letters are correct ?—A. Yes.

Q. Well, the letters speak for themselves ?—A. Yes.

Q. You were present, you say, at a conversation, or you had an interview with Mr. Rowley, I think, about this question ?—A. Yes.

Q. Was Mr. Ross present then, too ?—A. Yes.

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Q. And what was said about the association, the formation of this Paper Makers' Association ?—A. Do you wish what was said on both sides or on one side ?

Q. Take it on Mr. Eddy's side. Was any statement made by Mr. Eddy as to the reason for organizing the association, its object, etcetera ?—A. Mr. Eddy stated that while they had not so much trouble with No. 3, in other lines they had trouble, and it was simply a coming together of the manufacturers to create more stability in the market, in order to arrive at a standard of prices, so that they would not be cutting one another right along.

Q. Did he make any statement to you as to the amount of profits, etcetera, what amount of profit was put on by the association, the manufacturers' cost ?—A. Not that I remember ; I don't think so.

Q. You have had considerable business experience ?—A. My business experience has been entirely with the *Journal*.

Q. Have you never been a manufacturer at all ?—A. No, sir.

Q. Have you ever had occasion to know what a fair advance on the cost of production is to the manufacturer ; what percentage of profit should be allowed ?—A. If I have had experience ?

COUNSEL.—Yes ?—A. No.

Q. Do you know what is considered a fair margin of profit ?—A. The chief bother I have had was getting them as cheap as I could get them.

Q. No matter whether the manufacturer lost money or not ?—A. If he was willing to sell I was willing to buy.

Q. You have no opinion of what would be a fair advance on cost for manufacturers' profit ?—A. No, sir, I have been too busy, and if you know what the busy end of a newspaper is,—I have been too busy, and I have not had time to study these questions.

Q. Did you make any inquiry as to the prices of newspaper in the United States and elsewhere in connection with these searches ?—A. No, sir, we had no time to do that.

Q. Have you made any investigation since as to whether you could obtain your paper cheaper elsewhere ?—A. No sir. Mr. Ross has.

Q. You have no knowledge of the prices ruling in the States ?—A. Nothing more than I have read in the papers. Periodicals like 'Printer's Ink,' and so forth.

Q. You have no personal knowledge ?—A. No business knowledge at all.

JAMES HARDY.

*Examined by Mr. Barwick, K.C., representing the Press Association :*

Q. You are Mr. Hardy, of Jenkins and Hardy, the secretary-treasurer of the Paper Makers' Association ?—A. Yes, sir.

Q. Custodian of all its papers ?—A. Yes.

Q. Recipient of all deposits ?—A. Yes.

Q. I presume that you are the active man of the firm ?—A. Yes.

Q. Of the Jenkins and Hardy firm ?—A. Yes.

Q. You are the great Mogul of this agreement that deals with the question of fines and so on ?—A. The agreement speaks for itself.

Q. You are the Czar. When was this agreement formed ?—A. It was reorganized on the twentieth of February.

Q. When did your connection with the association begin ?—A. At that date.

Q. You brought about the reorganization, yes ?—A. No, sir.

Q. Who brought it about ?—A. Well, I don't know. There was a meeting in Montreal and I happened to be in Montreal some time previous to that and they asked

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me if I would mind going up-stairs and seeing those gentlemen and explaining certain things to them. They asked me to come up.

Q. And the arrangement whereby you became secretary-treasurer of the company or of the association was made then?—A. Nothing until the 21st of February.

Q. It was discussed then?—A. Well, they were meeting.

Q. When was the meeting held, that meeting which you are speaking of, in Montreal to which you were invited upstairs?—A. Some time previous to that; perhaps two or three weeks.

Q. How many were present at that meeting?—A. About six or seven.

Q. And was the question of promoting the agreement discussed at that meeting?—A. No, sir.

Q. It was not?—A. No.

Q. Mutual defence and support was the subject of the discussion?—A. They had an association since 1888, I think was the time, and they had let it lapse through not properly prosecuting the objects of it, and they asked me if I would be willing to go in and take the secretaryship of that association, if it was put on a proper basis.

Q. And run the association for them?—A. Yes.

Q. Was any record kept of the meeting?—A. No, sir, not that I am aware of.

Q. Were any records kept of the meetings of the association after the execution of this agreement?—A. Yes.

Q. Where are they?—A. In my charge.

Q. I would like to see them, please?

Mr. WHITE, K.C.—I object to the production of the minutes. If my learned friend will state what information he wants on that, we will furnish it, but going into the minutes, it seems to me, is going too far. Your Lordship will start on the presumption that my clients are, as it were, innocent, that the Association is perfectly innocent and it is being carried on strictly under the terms of the law, and the first proof my learned friend should make, it seems to me, is to prove that the price is unreasonable. Then, it seems to me, if your Lordship finds that it might perhaps be contempt to go into the private affairs of the association, but, here are a number of manufacturers as it is admitted, who have joined themselves together under an agreement which was produced and the objects of the Association are very clearly set out in the agreement.

So far as the prices are concerned, it is simply to maintain a fair and proper price. The object of the association shall be the promotion of friendly business relations amongst manufacturers, their agents, &c., for mutual aid.

It is an organization of these gentlemen together for their mutual support, and it would be hardly right in a public investigation of this kind that the affairs of that association should be disclosed unnecessarily.

I submit, if there is anything pertinent to this inquiry that my learned friend desires to show, if he would state what it is, that extracts could be furnished, but to go on fishing through the whole of the books of this association, I think would be unjust and unfair.

Mr. BARWICK, K.C.—That is just the position I started with yesterday, my Lord, that I did not want to be put into. We are not here as prosecutors. We are here to investigate into the question as to whether this association is unduly enhancing the value.

THE COMMISSIONER.—You are not the prosecutor but you are the complainants.

Mr. BARWICK.—Originally we went to the Governor General in Council, and the Governor General in Council has reason to believe that this association exists through the complaint made, he has reason to believe that this association does exist. Now, I have no desire to make public the affairs of the association at all, but I do propose, and I ask your Lordship if you were conducting an examination, as sometimes these investigations are conducted, to send for these books, to examine these books to see what the

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object of the association is and what this association is doing. There is not the slightest doubt as it appears that it is to fix a price, below which paper makers shall not go.

THE COMMISSIONER.—I have no doubt that this court, constituted as it is, is entitled to see the minutes and take cognizance of them. Of course, the court would not make the whole contents of the minutes public.

I am commissioner here and in fact, it is part of my duty to examine and see this myself, and I will be the judge as to what part of the contents will be given over to publicity.

Mr. BARWICK, K.C.—That is what I propose to do, and I will show my learned friend everything.

THE COMMISSIONER.—Take communication of these minutes and see what will be pertinent to the inquiry.

Mr. WHITE, K.C.—I think my learned friend wants to prove the prices.

Mr. BARWICK, K.C.—I want to see the objects of the association.

Mr. WHITE, K.C.—My learned friend can only touch this association in so far as it affects his clients. Well, now, the object of this inquiry is limited to whether this Association has unduly enhanced the price of paper; that is whether they are charging more than is a reasonable and fair price.

THE COMMISSIONER.—The inspection of the minutes is necessary for that purpose; to show anything.

Mr. WHITE, K.C.—To show the prices.

THE COMMISSIONER.—I cannot foresee what I might see in these minutes.

Mr. BARWICK, K.C.—I want to know whether this question that was referred to in the Exhibit P—25, that referred to the *Journal*, whether that reference was made to him. I want to know what questions were referred to the association, what decision they made upon that. I want to see all their decisions. I wish Your Lordship to see, not what the objects of the association are, but what this association in truth has been doing. That is where I propose to go on a fishing inquiry, and I, of course, will keep faith and make nothing public which does not manifestly bear on the face of the inquiry.

THE COMMISSIONER.—My duty is to require the production of the minutes and see what in the minutes can be pertinent to this inquiry or not.

Mr. WHITE, K.C.—I respectfully submit that there should be at least a *prima facie* case made out by my learned friend. All the evidence has shown that there is a uniform price fixed; that is the only complaint.

The complaint is that this price has been uniform. That since the association was formed the clients of my learned friend could not obtain their paper for \$2.50. Well, now, the question at issue is, whether it is a fair price or not; whether it is a reasonable price.

THE COMMISSIONER.—I would not decide that point now, whether the case is made out as regards the existence of this combination. That will be the first part of my report. The second part will be what the effect may have been of that organization.

Mr. WHITE, K.C.—I think your Lordship will assume that this organization is properly organized. Now, why should the details be submitted to my learned friend and brought out in this inquiry unless they are pertinent to the issues we are investigating.

THE COMMISSIONER.—Counsel present in this inquiry are considered as part of the court. Everything examined by the counsel is supposed to be examined by the commissioner himself. We are all members of the same court. Counsel assist the court

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in this investigation, and everything that is communicated to the commissioner must be communicated to the lawyer.

Mr. BARWICK, K.C.—And not necessarily to the parties I represent ?

Mr. WHITE, K.C.—I daresay any extracts can be produced from these minutes. It is not the desire to conceal anything, but simply in justice to my clients, I think the dealings of a number of gentlemen who have met together, as a perfectly legal and lawful association, should not be disclosed unnecessarily.

THE COMMISSIONER.—The same rule will apply as in other cases. The books are put before the court, and of course the court is judge whether any extracts are allowed in the case. The same rule applies here.

Mr. BARWICK, K.C.—More, my Lord. I want to go further, and for your Lordship to satisfy yourself as to what they have been doing with the fines.

Mr. WHITE, K.C.—There have been no fines, as a matter of fact.

(*Recess*).

Mr. WHITE, K.C.—In regard to the minutes, we have agreed that the full minutes shall be placed before your Lordship, and that you will make what extracts you require, or make such use of the minutes as you need. I submitted the whole thing to Mr. Barwick, and he has not made any selections of extracts, but there are certain matters, which I presume don't interest the commission.

Mr. BARWICK, K.C.—I would like to place the whole minute book in your Lordship's hands, and ask your Lordship's permission that the book should be handed back to Mr. White when you are through with it. I think the whole issue of the association affects this very question. What we have agreed upon doing is that it shall not go on the record, only such extracts as your Lordship thinks are necessary.

THE COMMISSIONER.—Mr. Walker will take charge of it, and I will look at it in Montreal.

Mr. WHITE, K.C.—We will furnish a copy, certified by Mr. Hardy.

*By Mr. Barwick, K.C., continuing examination :*

Q. This book contains a copy of all the proceedings of the association ?—A. Yes.

THE COMMISSIONER.—I will probably order copies to be made of such extracts as may be pertinent to the inquiry.

Mr. WHITE, K.C.—I will give your Lordship communication of all the minutes.

*Mr. Barwick, K.C., continuing :*

Q. Mr. Hardy, how much money did you receive in deposit by the members of the Association of Paper Makers ?—A. Six thousand dollars (\$6,000.)

Q. You hold that still ?—A. I hold five thousand seven hundred dollars of it.

Q. The minute book that you produce to-day contains records of all the proceedings of the association ?—A. Everything.

Q. Some fines were imposed upon members of the association for committing a breach of this agreement, P—4, and afterwards remitted, I think ?—A. Yes.

Q. As I understand from your explanation to me during the recess, you have never exacted the payment of a fine from any member of the association ?—A. Never.

Q. And the reason for that is, that there has never been any breach of the established conditions of the agreement, P—4 ?—A. Never beyond the one instance, where it was remitted.



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Q. That was remitted ; it was established, and on appeal from you to the association at a meeting the fine was remitted ?—A. Yes.

Q. But you under this agreement, P—4, you personally possessed the power to fine any member of the association, and resort to that money which you held in your hand for payment of the fine ?—A. Yes.

Q. And that power you possess to-day ?—A. Yes.

Q. Were you in any way connected with any paper company ?—A. No.

Q. You are chosen as an outside individual, independent, who will fairly and rigorously carry out the terms of that agreement without fear, favour or affection ?—A. Yes.

Q. And that is why you were chosen ?—A. Yes.

Q. Now, you gave me during the recess also, a statement of the sales of paper in Canada during 1900 ?—A. Yes.

Q. As 30,340 tons ?—A. Yes.

Q. What kind of paper was that ?—A. Print and wall paper.

Q. Your figures do not describe which is print and which is wall ?—A. No.

Q. These are the figures you gave me and these you understand are the correct figures of the sales in Canada of paper ?—A. Yes.

Q. Manufactured by Canadian mills ?—A. Yes.

Q. Have you any knowledge, Mr. Hardy, of a contract made by the Canada Paper Company with the *Montreal Star* ?—A. No, sir.

Q. In 1899 ?—A. No, sir.

Q. You don't know that ?—A. No, sir.

Q. You have never been told that ?—A. I have been told there was such a contract.

Q. Have you been told what the figures were ?—A. No, sir.

Q. Do you know whether the figures were under two dollars ?—A. I don't know.

*Cross-examined by Mr. White, K.C., representing the Paper Makers' Association :*

Q. Mr. Hardy, you were present at the first meeting of the association as reorganized under the agreement of February, 1900 ?—A. Yes, sir.

Q. Were any statements made in your presence or reasons given for the reorganization or the necessity of it ?—A. Yes.

Q. What was the object ?—A. It was imperative by reason of the increase in the price of raw material, and that in the past there had been competition, and everyone lost money on all their sales.

Q. What was this meeting you attended ; was it the meeting of the Paper Makers' Association of Canada ?—A. I understand it was.

Q. Have you any information as to the previous existence of that association ?—A. I now produce as Exhibit P—37 the constitution and by-laws of the Paper Trade Association of Canada, as printed in 1886.

Q. It was a meeting of this association that you were invited to attend in February, or shortly prior thereto, 1900 ?—A. I think it was.

*Re-examined by Mr. Barwick, K.C., representing the Press Association :*

Q. This document P—37 is the printed constitution and by-laws of the Paper Trade Association ?—A. Yes.

Q. And the operations of that association were not successful in preventing one paper company underselling another ?—A. I think there was some dispute between the members. That was the reason I was given.

Q. There was some dispute as to the personnel of the officers ?—A. I think so.

Q. The powers of fining being invested in a gentleman who was actually connected with one of the mills ?—A. I don't know, I am sure.

Q. You understood one of the officers who possessed the power of fining for breaches of the rules was connected with a paper company, and on that ground there was objec-

tion to his possessing these powers. That is why you substituted an independent man ?—A. I don't know that. I would not say that.

Q. What would you say about that ?—A. All I was told was there was some dispute among two of the paper makers, and one of them said he would not be bound by that constitution.

Q. So long as the gentleman named among the officers held that position ?—A. They did not give me that information. What I understood, there was some disagreement or difficulty between two of them.

Q. Two of them, one of them being an officer ?—A. I think so.

Q. So that officer, the powers he possessed are now possessed by you under this new agreement ?—A. Well, I don't know.

Q. Well, the powers of fining as he possessed before are now vested in you ?—A. I don't know.

Mr. WHITE, K.C.—I think that appears by the agreement.

*By Mr. White, K.C.:*

Q. Will you produce the list of the members of the Paper Makers' Association of Canada ?—A. I now produce as Exhibit P—38 the list of members of the Paper Makers' Association in good standing, as having paid their contributions to the funds of the association.

Q. Does this list represent the members of the association since the organization of the association in February, 1900 ?—A. Yes.

Q. These are the only members ?—A. These are the only members.

*By Mr. Barwick, K.C.:*

Q. Mr. Hardy, do you know anything of this arrangement whereby paper makers who were members of this association were to receive six dollars a ton on paper exported ?—A. Yes.

Q. What do you know of it ?—A. I know that there was an arrangement made which was never carried out.

Q. Was that agreement made in your association ?—A. Yes, sir.

Q. Discussed in the association ?—A. Yes, sir.

Q. But never carried out in the association ?—A. Never carried out.

Q. What was the proposal, Mr. Hardy ?—A. That those who exported paper should receive \$4 a ton instead of having to close down their mills two days a week. The production of paper was so much in excess of what the Canadian trade could take that it was discussed whether it would be better to pay that amount to the people who would export it or to close down their mills practically one-third of their time.

Q. And that four dollars a ton was to be paid by the members who did not export ?—A. Yes.

Q. And that was the *pro rata*, I suppose, by the non-exporters ?—A. Yes.

Q. Is that proposed under discussion now or has it been adjourned, or has it fallen through altogether ?—A. Fallen through altogether.

*By Mr. White, K.C.:*

Q. Do you know how that rate of \$4 a ton was arrived at? What was the reason fixing it at that particular figure ?—A. It was the freight they had to pay to come to these equalization points, and they thought it better to pay it in order to get to the railway companies in Canada.

Q. Who were to be the exporters ?—A. The mills near by.

Q. Near to the shipping point ?—A. Yes.

Q. And the rate of \$4 a ton was supposed to compensate the freight ?—A. Yes, sir.

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## EVIDENCE TAKEN AT MONTREAL, 3rd JULY, 1901.

JOHN R. BARBER,

*Examined by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. How long have you been in the paper business ?—A. Since 1856.

Q. As a manufacturer ?—A. I followed my father in business.

Q. Are you a member of the Paper Makers' Association ?—A. Yes.

Q. Do you know when this association was formed ?—A. It was a great many years ago ; I don't remember how far back, probably about twenty years. I should think eighteen or twenty years ago.

Q. Of course you have naturally followed the price of paper and the price of the raw material ?—A. Yes.

Q. You are aware also that under the association certain prices have from time to time been fixed ?—A. Yes.

Q. What was the minimum price fixed by the association a year ago ?—A. Two dollars and fifty cents roll news.

Q. And the discount ?—A. Three per cent, no change was made in the discount whatever, but the time was shortened ; one month—it used to be four months, three per cent off, but it was changed to three months, three off.

Q. Prior to February, 1899, the ruling price had been below that ?—A. Yes, below \$2.50.

Q. Now, can you give the commissioner any idea as to the percentage of profit there would be in the manufacture of roll news at a minimum price of \$2.50 ?

WITNESS.—At what date ?

COUNSEL.—In February, 1899.

A. I have submitted sheets. I think you have a copy of them. I wish to put these in.

Mr. WHITE.—Mr. Barber has prepared some data, your Lordship, which he has furnished us, giving the details of his own business which will be submitted to your Lordship as the letters were previously, that is not made public. It seems to me the cost, &c., of his business should not be disclosed.

WITNESS.—I would be very glad to show them to the printers who are making this complaint, but not to other paper makers.

Mr. WHITE, K.C.—Your Lordship ruled that we might do that in the case of certain letters which were produced. They were communicated to the counsel on the other side, but not to the public.

Q. Do you remember, Mr. Barber, what was the price of paper, that is roll news, say in December ?

WITNESS.—Would you allow me to use these sheets ?

COUNSEL.—Yes, say in December, 1898, before the agreement of the Association was signed.

A. The market price which we sold *Globe* roll news at was \$2.40 a hundred. That was in 1898.

Q. And the discount was what ?—A. Three per cent.

Q. The same discount ?—A. Yes.

Q. Was that in large quantities ?—A. Yes, car-loads. Any quantity I wish to put in there.

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Q. What was the price in 1899, the next year?—A. It went down to \$2.10. That is Eddy was supplying it at \$2.10. I could not make it at that price. It got down below a price at which I could sell it at a profit. I had an option of selling paper to the *Globe* at \$2.10, but I could not sell it. It was below the cost of production.

Q. Have you a contract with the *Globe* by which you could deliver it in unlimited quantities?—A. Yes, there was an open contract with the *Globe* to put in any paper I had to spare.

Q. And these were the prices?—A. Yes.

Q. Then in 1900 what was the price?—A. In 1899 the association price was \$2.50.

Q. It was along about that date, February, 1900, was the date that they signed the new agreement?—A. Yes. Of course a great change took place in the cost of raw material between 1899 and 1900.

Q. What was the difference?—A. There was the difference to make up between \$2.10 and \$2.50.

Q. Sufficient to make up the difference?—A. Yes.

Q. Can you give some of the prices of the raw material? Take pulp for instance. Can you give the price of ground pulp in 1898 and 1899?—A. In 1898 my contract for ground wood was \$18.00 per ton and sulphide pulp \$34.00 per ton. Of course there are two ingredients for making newspapers. The price of one was \$18.00 per ton, and the other \$34.00 per ton. Last year my contract for ground wood was \$23.50 per ton, an advance of \$5.50, and sulphide \$42.00 a ton, an advance of \$8.00 a ton. Besides the coal advanced from \$1.60 at International Bridge, to \$2.40, an advance of 80 cents on coal. It takes a ton of coal to make a ton of paper as near as possible.

Q. And as to pulp, how much does it take to make a ton of paper?—A. The usual calculation is 75 pounds of ground wood.

Q. Was there any change in the price of chemicals between 1899 and 1900?—A. No great change in the price of chemicals. Of course there was a great demand for news paper in the United States, which put the price up in Canada, but the change did not affect the cost of newspapers anything further than making the sulphite pulp.

Q. Did the price of paper advance between the years 1898 and 1900? Advance proportionately to the price of raw material?—A. No. The advance in Canada more than equalled one-half the advance in the United States on account of the cost of raw material.

Q. What had been the advance in the United States?—A. Paper in the United States advanced from about \$1.80. That was the lowest price at which contracts were made, up to about \$2.75, for the same newspapers, an advance equal to about one cent a pound. The advance in Canada was less than one half cent a pound during 1900. If there had been no association, the paper going into the United States could be sold at more in the United States under association prices than we could sell in Canada at.

Q. Was there a great demand for paper in the United States?—A. Yes, a demand that could not be supplied both in the United States and England.

Q. Were you selling over the association prices here in Canada?—A. Yes.

Q. You were actually getting more than the association price?—A. Yes, for nearly all my output.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. You were a manufacturer, I suppose, in all lines of paper, Mr. Barber?—A. Not all lines—cheap books and newspapers.

Q. Not all confined to what they call news print?—A. No.

Q. And you find one line more profitable than the other?—A. Yes, I find the book line much more profitable.

Q. But you would not be able to confine yourself altogether to that line?—A. No, the market is growing.

Q. But it is not enough to keep you going altogether?—A. No.

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Q. So you have to devote some of your capital to the manufacture of news print that you have found less profitable than the other line ?—A. My mill was at one time all book print, but I am changing as much as I can.

Q. How is your company operated ? By yourself ?—A. My own property.

Q. Nobody else interested but yourself ?—A. No.

Q. And it has been so operated for what length of time ?—A. The first mill started running in 1856. There are two mills ; one started in 1856 and the other in 1858.

Q. Then you built another mill when ?—A. 1858.

Q. You have operated these two mills continuously since 1858 ?—A. Yes.

Q. A period of over forty years ?—A. Yes.

Q. Not at a loss, I suppose ?—A. No.

Q. Then, has there been during all that time protective duty on the output ?—A. Yes, ranging from fifteen to twenty-five per cent.

Q. Twenty-five at present ?—A. Yes.

Q. That is the highest it has been during that period of forty years ?—A. Yes.

Q. And it has been as low as fifteen per cent ?—A. Yes.

Q. In the old days you did not use the wood pulp at all ?—A. No.

Q. And when did the use of that begin ?—A. It is perhaps twenty years.

Q. Prior to that what did you use instead of wood pulp ?—A. Straw and rags.

Q. Was it found that the use of the wood instead of straw or rags cheapened the cost of production ?—A. Yes, sir.

Q. Very largely ?—A. Thirteen cents a pound down to two and a half.

Q. And were there any other notable events in the history of the art of paper manufacturing during the last forty years in the way of cheapening the cost of production ?—A. Yes, manufacture of pulp by the sulphite process.

Q. That also worked a great cheapening ?—A. Yes, that made a great change.

Q. Were there improvements in the method of manufacture during that time ?—A. Yes, the machinery is made to run faster, reducing the cost of labour considerably.

Q. And in various ways then there has been a gradual cheapening during the last forty years in the cost of production ?—A. Yes.

Q. Was there any association among paper makers until about twenty years ago that you were aware of ?—A. No, sir, because the paper makers were short. The demand always exceeded the supply.

Q. When that association was formed had it any written constitution or was any outline made of its objects ?—A. As I remember it the first association was organized for the purpose of fixing the price on news as has been done recently. That was fixed at seven cents a pound.

Q. And that price ruled for some time until it gradually became less and less year by year as the cost of the production decreased ?—A. Yes.

Q. That was the purpose for which the Association was originally formed as you understand it ?—A. Yes.

Q. And the association in the course of years fell into disuse pretty much ?—A. Yes, the demand exceeded the supply.

Q. Of course when the paper demand exceeded the supply there was no necessity of having fixed prices ? The association was only called for when there was excess of supply over demand ?—A. Yes.

Q. To prevent competition—reducing of prices too much ?—A. You might put it in that shape.

Q. Then for how many years before 1900 when the association was revived had it been practically out of existence so far as the fixing of prices is concerned ?—A. I did not know that it was ever out of existence really. I don't think any year passed without our having one or two meetings.

Q. Is it not a fact that as far as the rules of the association controlling the prices are concerned it has practically ceased to have effect for some time prior to 1900 ?

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—A. I think it has as far as I remember. I don't remember any fixing of prices for some years before 1900.

Q. For about how long prior to 1900 had prices been left to the effect of competition?—A. The last price I remember being fixed was seven cents.

Q. That was twenty years ago?—A. No, about fifteen years.

Q. And that price obtained for how long?—A. I could not say.

Q. But it gradually went down and down until it got below \$2.00?—A. There was some paper sold in Canada below \$2.00 I believe. I did not sell any.

Q. But not as low as \$1.60 per hundred?—A. No, I don't think it. I don't know, though.

Q. Did you ever sell as cheap as that?—A. If any one in Canada were selling paper at \$1.60 they were selling at a loss.

Q. I am asking you if you ever got down as low as \$1.60?—A. I never got down as low as \$2.00.

Q. And you cannot say whether the price in Canada ever fell below \$2.00?—A. I cannot say positively. I know nothing about it, except what I saw in the evidence given by Mr. Tarte before the commission.

Q. I am told that large quantities were sold at as low as \$1.60 in the course of the nineties, the years from 1890 to 1900. Would that be out of the question?—A. If any person told me that on the street I do not think I would believe it.

Q. You don't think that would be possible?—A. No.

Q. The cost of production has never got sufficiently cheapened to allow you to sell at that?—A. Not to sell at a profit. He might sell it at a loss.

Q. How low would you put the lowest price at which, under the most favourable conditions, prior to this agreement of 1900, paper, news print, could have been sold per pound, and yet realize to the paper manufacturer a profit?—A. Well, you are asking me a question there that I don't think I should answer, because I am not in the secrets of either of these large mills that make paper for export as well as for home trade.

Q. You are thoroughly conversant with the secrets of the business?—A. I know what it costs me to make my own paper. I buy my own sulphur; I buy my coal and my ground wood. There are mills in Canada where they don't do these things.

Q. I am asking you if you will give me the benefit of your knowledge and experience as to how low a price news print could be sold per pound and yet realize to the manufacturer some profit?

WITNESS.—Would that be considering the capital in the business?

COUNSEL. I want you to take into consideration first the capital?—A. I am not giving an opinion. I have no facts to back me up. I don't think there is any mill in Canada that could make paper anywhere under \$1.90 to \$2.00 and pay ten per cent capital on their mill.

Q. Would you place that at the minimum figure?—A. Yes.

Q. And that would be a mill of the best construction?—A. Yes, and grinding its own wood; buying this wood under the most favourable conditions.

Q. Your mill has never made its own sulphite?—A. No.

Q. You depend on what source of supply for your sulphite?—A. I buy it from the mills in the province of Quebec.

Q. And you buy it at association prices, the same as ordinary consumers?—A. I do not know that there is any association price.

Q. Is not that controlled by the agreement of you gentlemen of a year ago?—A. I think not.

Q. At all events it is from manufacturers who are parties to that agreement that you get your sulphite pulp?—A. No, I don't think the parties from whom I am buying my ground wood are in the association.

Q. Do you distinguish between ground wood and sulphite pulp?—A. Yes.

Q. You told me you do not manufacture your own sulphite pulp?—A. No.

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Q. You have to look for your supply of sulphite pulp to other manufacturers in Canada?—A. Yes, during the whole year 1900 and up to a little while ago I bought my sulphite from the Maritime Pulp Company, which is not connected with the association or with any association in Canada.

Q. Your profit upon the output of news print would of course depend directly on the prices you have to pay for your material?—A. Yes.

Q. And that price is very largely advanced?—A. Yes.

Q. You gave figures?—A. Forty-two dollars I paid last year for sulphite pulp.

Q. As compared with what?—A. \$34.00.

Q. That was an increase of twenty-five per cent?—A. Yes.

Q. A greater increase than there has been in the price of paper?—A. Yes.

Q. Then the paper manufacturer who manufactures his own sulphite pulp would have that source of profit in addition to the source of profit which you would have?—A. That is if he had no capital in his pulp mill, he would have.

Q. The fact would be that the paper manufacturer who made his own sulphite pulp would have that advantage of course?—A. Less the profit on the pulp mill or the capital in the pulp mill.

Q. Less the proper interest on the capital invested in the pulp mill?—A. Yes.

Q. And of you gentlemen who are members of that Association in 1900 about what proportion manufacture their own sulphite pulp?—A. The Laurentide Pulp Company, the Riordans, are the only ones, I think of at the present time.

Q. Buntin and Sons, do they?—A. No.

Q. Canada Paper Company?—A. They do not manufacture sulphite at all.

Q. Dominion Paper Company?—A. No.

Q. The Eddy Company?—A. Yes.

Q. Fisher & Son?—A. No.

Q. Forde & Company?—A. No.

Q. The Laurentide, do you say?—A. Yes.

Q. Lincoln Paper Mills?—A. No.

Q. McArthur?—A. No.

Q. Miller Brothers?—A. No.

Q. Riordan Paper Mills, they do?—A. Yes.

Q. The Royal Paper Mills?—A. No.

Q. The Rolland Paper Company?—A. No.

Q. Stutt & Son?—A. No.

Q. Thompson is out of it now?—A. Yes.

Q. He was not, anyway?—A. No.

Q. Taylor Brother?—A. No.

Q. Wilson Co.?—A. No.

Q. They all buy except the Laurentide Company, the Eddy Company, and the Riordan Company?—A. Yes.

Q. And they are amongst the largest manufacturers?—A. Yes.

Q. Will you tell me if you buy, or if you tried to buy from either of these three?—A. I am at present buying from the Riordan Company.

Q. At forty-two dollars?—A. No, the price has gone down again.

Q. In the last three weeks?—A. Yes.

Q. Contemporaneously with the reduction in the price of paper?—A. Yes.

Q. Then prior to that time were the Riordans and these other members of the association charging you \$42.00 for their sulphite?—A. They wanted that, but I could not afford to pay that. I made a contract with the Maritime Company at a little over forty dollars for a large portion of my supply for 1900. The Riordans were selling all their supply to the United States at a price that would net them more than \$42.00.

Q. So that it would be fair to say, as I understand your testimony, that the manufacture of sulphite pulp was a lucrative source of profit to the manufacturers who had machinery for it?—A. It was, during the boom in the United States.

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Q. Did the prices go up ?—A. Sulphite pulp went from \$1.60 to \$3.25 ; doubled in value inside of six months.

Q. Paper manufacturers who had the facilities of going into that line or that branch of manufacture would, as I say, have a very high profit during that time, and would still ?—A. He would if he sold his news at American prices.

Q. The price you say on news print in the United States has increased more in proportion than it has in Canada ?—A. Yes, that was a year ago. The prices have gone down again to the low level.

Q. Since when did they increase ?—A. The boom started early in 1900—in the fall of 1899.

Q. Not before that ?—A. No. I think early in 1899 it was selling as low as \$1.80.

Q. The trade in the United States is practically in the hands of a Consolidated Company ?—A. No.

Q. You know the International Paper Company ?—A. Yes.

Q. Formed about when ?—A. I think it is over two years.

Q. Incorporated with an enormous capital, taking over a great number of mills ?—A. 18 or 20 of the largest mills.

Q. And now having the bulk of the output of the paper industry in the United States ?—A. Of the newspaper ? No, they average probably sixty per cent of the newspaper output; somewhere about that.

Q. Yes, and a little more than that. You might say seventy per cent ?—A. No. A number of new mills have opened up that are not in the Association since that company was formed.

Q. Do you know any concerns not in that association in this part of the United States ; in New York State, for instance, or in the New England States ?—A. I could not from memory name the companies that are in.

Q. Do you know any that are not in this section of the States or in the New England States ?—A. If I had the *Paper Trade Reporter*, I could pick out some.

Q. As I understand it, that company controlled the output of certainly seventy per cent of the paper makers of the United States ?—A. Even at the start they did not claim to control seventy per cent. They have been losing ground since on account of the new mills not being in the association.

Q. I think at the present time that out of the daily production of two thousand tons in the United States fourteen hundred was the output of these mills in the International Company ?—A. I think the output is a little more than that, and they have probably a little over twelve hundred.

Q. The increase in price in the United States followed directly on the formation of that association ?—A. The price went up in England more than it did in the United States.

Q. Perhaps it was the effect of the association in the United States that affected the price in England ?—A. No, that did not have anything to do with it.

Q. Notwithstanding the usual gradual decline in the cost of production for the last forty years, an equally uniform decline in price until about 1898, when the association was formed in the United States ; since then prices have gone up with a bound, and you have had what you call a paper trade boom ?—A. No. They went up on account of the Boer war and the Philippine war. It increased the demand all over the United States.

Q. You attribute it to that ?—A. Yes. I am sure the association was formed six to twelve months ago before there was any advance in the prices of paper at all.

Q. It would have to take a little time to go into operation ?—A. No. The war demand did not set in for from six to twelve months.

Q. When you speak of your present business arrangements with your customers you say three per cent off at three months is your rule ?—A. Three months credit with three per cent off for payment within thirty days.



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Q. Do you make any allowance to them for waste ?—A. When the buyer had control of the market we gave them pretty much what they asked for.

Q. When the buyer had control, or in other words when competition governed prices, you had to get off your output at the best terms you could make ? Now they return to you pound for pound and they get credit ?—A. Yes.

Q. When the association got control you quit that ?—A. Yes.

Q. At what price upon a pound would that advantage be equal to ?—A. In a proper newspaper office where some consideration was given to the people it would not amount to much. When that was sent back to the paper maker it amounted to considerable.

Q. Take an office which do what you are just describing. About what number of cents on a pound disadvantage to a manufacturer would it be ?—A. In a fairly well managed office it should not amount to five cents on a hundred.

Q. But in one of these offices where they would crowd you down ?—A. Where they had a bad press, and they had fifty pounds of paper on it, they would send it back to the paper maker.

Q. About how high would it come in such offices ?—A. It might run up to fifteen cents.

Q. So that item of advantage of the consumer would vary according to the conditions of the various offices from five to fifteen cents per hundred ?—A. Yes.

Q. Which of course the association has put an end to ?—A. Yes.

Q. Are there any other items of advantage to the consumer which the association has ended ?—A. I don't know ; I don't think of any.

Q. What was the rule as to discount in the trade prior to the association of 1900 ?—A. The terms of credit were four months, with three per cent off for cash.

Q. Which has been changed to three months ?—A. Yes.

Q. That is the only change ?—A. Yes.

Q. And the items of waste and discount are the only ones in which there has been any change as the result of the formation of the association ?—A. Yes, that is the only one I remember of.

Q. These calculations that you made in the sheets you have—were you putting them in at all ?—A. I wish to put them in to show what it cost me to put a ton of paper through my mill.

Q. They have been prepared from your books by some book-keeper ?—A. By myself personally, from my own private memorandum book, to show the cost of paper.

Q. Well now, you put down here as 1898 the cost of material for 100 pounds of paper, \$1.16 ?—A. Yes.

Q. Then you add to that wages ?—A. That is what I wish to keep private.

Q. Those are items you do not wish to disclose ?—A. Yes.

Q. What you have to pay for wages, etc. ?—A. Yes.

Q. I see an item here charged for superintendent and office ?—A. Yes, that is wages to the men in charge.

Q. What does the word office mean ?—A. Office expenses divided per hundred tons of paper ; the traveller, the bookkeeper and all the wages of the staff.

Q. Does it include anything in the way of rent ?—A. No.

Q. Simply wages and the disbursements in that respect ?—A. Yes.

Q. Wires ?—A. That is the wearable part of the machine.

Q. That is in the nature of depreciation to plant ?—A. No, it is not that exactly, it is wires that will wear out. You have to replace them every few weeks.

Q. They are not all consumed in the manufacture ?—A. No, not consumed, worn out.

Q. A considerable item here, at least comparatively for general expense account ?—A. That takes all the general expense account for which we do not keep a detailed account. The general expense account is everything not having an account of itself.

Q. You attend practically to the superintendency of your own mill ?—A. No, I hire a superintendent.

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Q. Then is it the case that in this list of items there is nothing whatever included which would go into your own pocket as remuneration except the item of 'profit' at the end?—A. That is all.

Q. As to all the other items they would be disbursements out of pocket?—A. Yes.

Q. Then, do these items of disbursements which you have set down here include any return for the capital invested in the building?—A. None whatever.

Q. Or plant?—A. No.

Q. Or depreciation?—A. In a mill we generally calculate to keep the mill in working order all the time. As a rule we do not write off the depreciation of the mill. The wearable part we renew at the end of the year. It is worth just exactly what you started on.

Q. It comes in in the item of general expense and repairs?—A. General expense and repairs.

Q. Then, except that you do not wish these items which relate to your own personal business being made public there is no objection to this being submitted to the consideration of any accountant or skilled man on our side?—A. No. He would have to be a paper-maker to consider that.

This exhibit is filed as D—1.

*The above witness was recalled and examined as follows by Mr. White:—*

Q. In your experience as a paper maker, what would you consider a fair profit on the cost of production, a fair advance?—A. About one-half a cent a pound would be a fair return for the capital on most mills.

Q. Now, taking the price of \$2.50, the association price, was that rate of \$2.50 allowed to you, did it allow you that rate of profit?—A. Not quite. Very close to it at the present price of raw material. At twenty-five cents a hundred pounds profit, it would give me six per cent on the capital and about fifteen hundred dollars a year for myself. I think you will find in these statements I put in three years out of the four I did not get twenty-five cents a hundred pounds from the output.

Q. And in this statement you have put in, there is nothing allowed for your own expenses or charges or cost whatever?—A. Nothing whatever, and the entire capital in most papers exceeds the annual output. My capital is \$175,000 and my output is \$160,000. A great number of manufacturers will turn out three or four or five times the value of their capital. Very few paper mills turn out the value of their capital in a year.

Q. So therefore their profits must be relatively large to give them a fair return?—A. Yes.

Q. So that after all you are only asking for twenty-five cents a hundred, ten per cent advance on cost?—A. That would give six per cent on capital.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association:*

Q. Your figures if I recollect from this forenoon showed cost of production at \$1.94 or \$1.95?—A. That is for one year.

Q. What is the difference in the various prices here?—A. There is a slight advance in mill cost, on account of wires and coal and sulphite.

Q. The bulk of the increase is certainly in the cost of the sulphite and ground wood?—A. Yes.

Q. It rises from one twelve and a quarter to one forty-six and a half?—A. Yes.

Q. So that you were including in that estimate as we see, simply the cost of the raw material, the wages and the repairs?—A. That is all.

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Q. Do you, in getting rid of your output, make any difference with the customer as to the amount of his order, the size of his order?—A. Oh, yes. The larger buyers have always got a little better prices than the small buyers.

Q. They get a reduction, that is always the case?—A. Yes.

Q. And can make a better bargain with you than a small consumer?—A. Yes. Of course you will understand in a newspaper the larger your order is the more profit you have.

Q. Then, there is something I neglected to ask you this forenoon; perhaps you can explain to us this system of establishing equalization points, of equalizing freight. Can you explain that to us?—A. I cannot explain that to you as well as some of the others because it was something I never approved of and did everything I could to break it down. It was done to protect the jobber in the large cities.

Q. Just explain to us how it works?—A. Up to the time of the last meeting of the association every printer and publisher in Canada had his paper delivered in his shop even the little country weekly or the larger city daily it was the same. Any price quoted was the price quoted in the printing office.

At the time the association was formed the jobbers to a certain extent controlled business and the jobbers said, 'We have no advantage in buying from you in carloads because a man ten miles out in London can get his freight just as cheap as we can. I want you to ship it out to me immediately.'

Q. That made the paper cost just that much more to the consumer?—A. Yes.

Q. You did not happen to live at an equalization point?—A. Yes.

Q. How many of these equalization points, as you call them, did you establish?—A. There must have been between twenty and thirty. It was simply the mills protecting the jobber and the jobber had largely controlled sales.

Q. You were doing it to protect the jobber though the effect was to put a disadvantage upon the consumers who did not live at those points, and gave no advantage to those who did live at those points?—A. They would get the regular freight.

Q. But they did not get any advantage?—A. None whatever.

Q. It was a disadvantage to those others?—A. But no advantage to the paper maker either.

JOHN MACFARLANE.

*Examined by Mr. White, K.C., representing the Manufacturers Association:*

Q. Mr. MacFarlane, you have been engaged for a number of years in the paper business in Canada?—A. About forty years.

Q. And you are at present the president and managing director of the Canada Paper Company?—A. I am.

Q. Your company is also a member of the association, the Paper Trade Association of Canada?—A. Yes.

Q. Do you remember when this association was first formed or organized?—A. I should say about 1879 or 1880, about twenty years ago.

Q. Were you connected with it at that time?—A. Yes.

Q. Was the association continued up to the present time, or what changes occurred?—A. It has been in existence ever since.

Q. Will you produce a memorandum being the agreement signed by the members of the Paper Makers' Association and dated at Montreal, the 22nd September, 1892, and state whether this signature 'John MacFarlane, Canada Paper Company,' is your signature, and whether you were a member of that association at that time?—A. I was.

Q. This document provides that the following members of the Paper Makers' Association in meeting at this date have agreed on the following basis, giving the particulars of the agreement. They have then signed. Number three print rolls, carloads,  $3\frac{1}{2}$  cents ; less than carloads,  $3\frac{3}{4}$  cents ; in sheets,  $3\frac{3}{4}$  cents in carload lots, and  $4\frac{1}{4}$  cents in sheets less than carload lots.

That is signed by twenty manufacturers of paper, many of whom are still in the association ?—A. Yes.

Q. Can you explain why this association was organized ?—A. The principal object of the organization in the first place was, to promote the interests of the paper trade generally in Canada, and more particularly at that time we had an idea there was a question of free trade or protection, and we believed we had protection. If we had free trade it would be disastrous to the interests of the paper makers. That is principally what brought us together at that time. After that the question of making paper from wood came into existence and we wanted to cultivate the manufacture of paper from wood in the Dominion of Canada, because we believed it was better adapted for this purpose than any other part of the world, and we thought that in time we would be able to bring a large trade to the country. We have been working for that pretty much ever since. The question of prices has been a minor question in connection with the association, because I have always believed, and I believe, as the older I get, that no prices fixed could be maintained for any length of time unless you could get control of the output, or get control entirely of the manufacture, and consequently I have always looked upon the fixing of prices as only temporary, but there were larger interests which always took my attention. We wanted to build up a large trade in Canada, and we thought we would be able to do that. That was one of the principal factors to the members in the trade, which they thought would be beneficial to us.

Q. As you say, other matters were discussed at different times ?—A. Yes, by convention in Ottawa and other places.

Q. There appear to be about twenty mills in the list of 1892. The list produced by Mr. Hardy shows that there are only twelve mills at present in the association under the new agreement. Can you give us any idea how many paper mills there are in Canada outside of this association altogether ?—A. There would be about fourteen outside of the association, that have not joined the association.

Q. So that here are more mills outside than in the association ?—A. Yes, I take it to be so.

Q. In the beginning of 1900 it appears that the association fixed the price at \$2.50 per hundred pounds, with the usual discount of three months or three per cent. Can you explain why that price of \$2.50 was fixed, and why it was fixed at a higher rate than paper had been selling for before, as there is evidence that paper had been sold at \$2.10 and \$2.20 before that time ? Can you explain why it was that the association fixed the minimum price at \$2.50 ?—A. Yes, there is no mystery about it at all. About ten or twelve years previous to that year the price of paper had gradually gone down from perhaps ten cents per pound to two and a quarter. I am speaking now from memory, not what I know as an absolute fact. The price went down to an unprofitable figure. There was in consequence of the South African war—the Cuban war first, and the South African war immediately following—there was an improvement in business. Business had been very depressed for a number of years, getting worse and worse down to 1898 or 1899. There was an improvement took place in 1899. Prices went up. The demand for paper increased very much, particularly news paper, on account of the interest taken in these two wars. I have made out rough statistics, and find that in Great Britain and all over the English speaking world the consumption of news paper increased 25 per cent through the war calling for that much more paper. At the same time, strange to say, there was a long continued drought in Norway and Sweden, which was the largest pulp supplying country in the world for the United States and England, and there was a drought extending over the northeastern part of the United States and into Canada, which prevented the manufacture of pulp in these countries,

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so that pulp became short, and the demand for paper became long, and the consequence was that the price of paper advanced, and we could not get paper to supply them at any price. It was not a question what we could sell it at. It was : Let us have it for heaven's sake at any price. The matter of cost was only an incident at that time in the United States and Canada, because we could have sold all the paper outside of the market at a better price than we were getting here.

We said we would not sacrifice our home trade, and we must keep our people as good natured as possible until the conditions change again, and we figured our price at \$2.50. That price would not cover the price of raw material, because they were up as high as fifty per cent, but we thought it was better to fix a price so as to keep everyone happy and contented, but in one or two instances we failed. I never looked seriously on this thing at all. There was only one or two people outside who thought they had a grievance. We never felt it amongst our regular customers at all.

Q. Do you know if sales were made after the price had been fixed at \$2.50 at higher prices, sales of news print ?—A. Certainly, there were lots of them. We sold as high as four cents ; we could have sold more if we had it ; we had none to spare.

Q. The minimum price fixed by the association of \$2.50 applied to all purchases in carload lots ?—A. Yes.

Q. The chief complaint appears to have been from purchasers who buy, say \$1,500 or \$1,600 worth of paper a year ?—A. Yes.

Q. What would have been, apart from the association altogether, the price they would have had to pay ?—A. They would have had to pay over three cents if they had to depend on the market at the time. They would have had to pay over three cents.

Q. Have you followed the advance in prices in the United States during the same period ?—A. Fairly well.

Q. Has it been relatively the same as that in Canada or greater ?—A. I think it has been a little greater. For a short time their wants were more acute than ours.

Q. Have you any idea of the amount of capital invested in the paper business in Canada ?—A. Close on twenty million dollars.

Q. About eighteen or twenty millions of dollars ?—A. At least that. I have not made a calculation. I should say at least that. It very often depends on how the figures are arranged. I don't think that twenty millions would more than pay the cost of the companies existing to-day.

Q. What would be the result on that amount of business in Canada of a reduction in the duty on paper to-day ?

Mr. AYLESWORTH, K.C., objects to this question.

Question allowed by the Commissioner.

A. It would be very injurious to the trade.

Q. And if paper were placed on the free list ?—A. It would be wiped out—disastrous.

Q. Apart from this \$20,000,000 investment, approximately what labour is there ; how many men would be employed in the paper business ? Can you say roughly, taking the paper business and the businesses that lead to it ; that is, the manufacture of pulp, lumber, &c. ?—A. I am not prepared at the moment to answer very correctly.

Q. Would it run into the thousands ?—A. Yes, I should say five or six thousand anyway.

Q. When you say five thousand you are speaking of the men employed about the mills ?—A. Yes.

Q. Apart from this is it not a fact that there are large numbers of men employed in getting out this spruce wood ?—A. There would be as many more in the woods. They are not employed all the year around ; they are employed during the winter months.

Q. Can you give any explanation of the prices that were quoted—such prices as \$1.70, \$1.80 and \$1.90 in the United States for delivery in Canada ? One witness said he had been offered paper in the United States when the association price was \$2.50 he had been offered paper there at \$1.80 and \$1.90 for delivery in Canada ?—A. It was simply to keep the mills going until something happened to make them better.

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Q. Was that the ruling price in the States ?—A. No, it was not.

Q. Have you any knowledge of the effect of the exportation of American paper on the English market ?—A. It has just now about nine mills closed down there in England—shut down.

Q. As a result of what ?—A. Sending paper, surplus paper, from the United States to England. The others, of course, are feeling it very badly. The paper trade is in a bad condition there now.

Q. You have a knowledge of what is considered in general business a fair margin of profit ?—A. That is a question that would be different with different companies. Of course some of them do business on a very large scale, and they can take a lesser percentage of profit than a small mill, but if you should see the mills favourably situated, if they get twelve or fifteen per cent profit they ought to be happy. That would be a fair profit.

Q. At \$2.50, the minimum price, would manufacturers get that profit during the past two years if they sold their paper at the minimum price ?—A. Not unless their mills were favourably situated to manufacture the paper. Some of them could not make it at that price at all with a profit.

Q. A question has been raised as to the difference in the allowance of waste paper returned as waste allowed for paper, and the fixing of this rule by the association afterwards, can you tell me why that was done ?—A. Yes, that has always been a burning question between the newspaper consumer and the paper manufacturer. Perhaps fifteen years ago there were perhaps very few Webb presses in the country, and when papers were put in reams and bundles and tied up with strings there was no waste. After it became a custom to use roll papers, through perhaps poorer management in some of the newspaper offices than others, there was a great deal of waste. Some of the offices made a great deal of waste. Then a question arose between the newspaper proprietor and the newspaper manufacturer as to who should pay for this waste. He would say it was the fault of the paper, and of course the pressman would say it was the fault of the paper maker, and the paper maker would say it was the fault of the pressman.

As the manufacture of paper in Canada increased there has been an over-product pretty much for a number of years. This put prices down and down, and in the competition to sell that paper, one paper man would allow one advantage, and another would allow another, and they became so that they would allow anything the newspaper man asked of them. So that as a result they were allowed to send all their waste paper back and charge it back to the paper maker at the price he charged for sound paper. When it got below a profitable rate, they said : ' We will have to stop that. We are making paper at a loss, and this is being shoved back on us and we are suffering a heavy loss.' They took up the rule that had been adopted by the printers on the other side and had been recognized as a law for some time before we took it up.

Q. In the case of the ream paper, of course you had to supply the wrappers and twine ?—A. The wrappers were always counted out to be paid for with the paper, and the twine costs a great deal more. It costs 10 cents a pound, and we would only get 2½ cents a pound for it. The wrappers are worth generally 3 cents a pound, so we are losing on them. Now, we expect the paper people to pay for their wrappers when they get their roll paper, because we have to put them on to keep it clean until it gets to their place.

Q. Are you aware that as far back as 1890, a certain agreement had been made by the members of the Paper Makers' Association with regard to controlling the output ?—A. There has been discussion of the kind, but it has never been put into practice.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association:*

Q. You have been in the business of manufacturing paper for some twenty years back, I suppose, Mr. MacFarlane ?—A. I have been at it all my life.

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Q. And the first time there was any association among the manufacturers was in 1879 ?—A. As near as my memory serves me. It was not in the shape of an organization. We used to meet together and discuss different things. Of course, they are scattered all over the country, run away up into the country.

Q. But at the time the question of free trade became a burning one was the time the association was formed ?—A. I don't think it was formed at that time, but we got together and talked about that.

Q. You gave us that as the date that the organization was formed, and you gave us as the object of the association, the furtherance of the protection of that business ?—A. Or any other incident that might arise. There was another question that was always brought up ; that was freights on the railways and various questions of that sort.

Q. Then at that time, did you agree together at all as to the prices ?—A. In 1879, I think, there was some sort of understanding, roughly speaking, that we would not sell a certain kind of paper under a certain price, but as I say it was not closely organized, but we would meet and discuss these things and they would fall through afterwards.

Q. That was not the object primarily of your association, and that was not the result ?—A. It was only one of the objects ; if the prices were favourable at the time they would not be discussed. If they were going down to an unfavourable basis, we would discuss them very warmly.

Q. Had your association continued as a living reality from that date to the present ?—A. It has always had its officers.

Q. Was it not felt to be pretty much a dead organization for some time ?—A. Except for four or five years, we did not meet. Some branches of the association met, but we did not meet all together, but there were no manufacturers' meetings, I mean.

Q. When were these years ?—A. I think from about 1895 to 1899, but there were several meetings during that time, while the International Commission was sitting. We tried to bring the influence of that organization to bear on the Quebec and Ottawa governments, as to what would be done with our pulp wood, and we have had some very interesting meetings with that end in view.

Q. This paper which Mr. White produced to you is dated Montreal, 22nd September, 1892, and is headed 'prices and terms of prints and manillas' and signed by some sixteen to twenty different manufacturers. Was that the first document of that kind that ever was brought up, so far as you know ?—A. No, it was not.

Q. What was the occasion of drawing this one up ?—A. Because we wanted to get the prices uniform.

Q. Had you any such document before, fixing the prices ?—A. We have had a number from time to time.

Q. What is the history of this particular one in 1892 ?—A. To get the prices uniform.

Q. You mean you found your people were not practically adhering to the prices theretofore fixed ?—A. I could not tell you.

Q. Cannot you tell me what the occasion of getting up that paper was ?—A. It was amongst the papers of the old association.

Q. That fell into disuse ?—A. No, it did not fall into disuse.

Q. Why do you call it the old association ?—A. Because there was some new rules and regulations made at the Windsor Hotel meeting last year, in 1900.

Q. A revival ?—A. No. We never died.

Q. For five years not been meeting actively ?—A. There was no new president appointed for five years but the organization continued in existence.

Q. Do you mean to say that the different prices which were fixed by your association agreement in September, 1892, were adhered to until 1900 ?—A. No, I do not. I could not tell you.

Q. Were they adhered to by the manufacturers who signed this document for any length of time ?—A. I should take it for granted they were.

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Q. For how long?—A. I could not tell you. I might say that I have always looked upon the fixing of prices as a minor consideration in the organization.

Q. Perhaps while you had that opinion, other manufacturers looked upon that as the all important feature of your organization, or of your existence. Can you tell me how long these prices were adhered to?—A. Generally for a few years.

Q. Since then there has been no fixed price, since then?—A. I have never followed the fixing of prices.

Q. Was there any regulation, as now exists, for the fining, imposing penalties on people who made breaches of the regulation?—A. It has been talked of since we were in existence, but I do not think it has ever been put into practice.

Q. It is a very living reality now?—A. I do not think it is a reality now.

Q. That is, simply because you all adhere?—A. Very likely.

Q. What was the occasion of the revival in 1900?—A. The occasion of the revival was, as I said, of the instance that arose for the demand of paper, which caused the high price and the extra cost to make it.

Q. You were not going to increase the supply at all by this meeting?—A. The supply was increased.

Q. Do you suppose that this meeting would have in any way a tendency to increase the supply?—A. No, their output would be whatever they pleased.

Q. I rather gather, if I understand you correctly, in your evidence to my learned friend, Mr. White, that the effect, if not the object, of that meeting in 1900 was to keep the prices down?—A. It was to make uniform prices.

Q. To keep them down?—A. We put them up.

Q. You say they would have gone over three cents if it had not been for your association?—A. So they did.

Q. Your view of that meeting of 1900 and that binding agreement you entered into was, to prevent the prices going up as high as they otherwise would?—A. No, sir; it was to make uniform prices, to charge our people in Canada the same prices.

Q. You think the consumer here would have had to pay fifty cents more a hundred if it had not been for your agreement?—A. Quite satisfied. And some of them did pay more, and they wanted more paper at the same price and we did not have it to give to them.

Q. Do I understand you right, that there were some fourteen mills in Canada outside of this agreement of nineteen hundred altogether, who never came into it?—A. Yes.

Q. Where are they situated?—A. I think I can give you the names of most of them.

Q. The Laurentide Company?—A. They are in here. They never have acted in it.

Q. Russel A. Alger, junior, is signed here?—A. They are not in it.

Q. That is one of the fourteen anyway?—A. Yes.

Q. The Royal Pulp and Paper Company, Cornwall Paper Company, Kinleith Paper Company, St. Catharines, John Fisher & Son?—A. I don't know. I did not follow the proceedings of the association very closely. But they make some class of paper, possibly a class of paper which they make is not controlled by this agreement. Stutt, Lazier, Walker, Patterson, Reid, Craig & Co., they were in existence at that time; they have failed since, but they were not in the association at that time. There are three or four other smaller ones that I have not got.

Q. And there are some of them situated in the maritime provinces?—A. I have only counted one in the maritime provinces.

Q. So out of the twenty-six mills in Canada you have twelve actually in and fourteen out; that is your calculation?—A. Yes.

Q. Although some of these fourteen, as I now understand, did sign but never made their deposit?—A. That I understand from what I see.



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Q. That regulation of making deposits and subjecting members to penalties if they made breaches of the regulations fixed by the association as regards the prices is, if I understand right, altogether a new feature, first introduced in 1900?—A. Without having the papers before me, I could not say.

Q. Did you ever yourself make a deposit?—A. We have always made a contribution.

Q. A contribution is a very different thing from a deposit, from a \$500 deposit. Don't you understand my question? I want you to say whether prior to 1900 your association called for a deposit, of a substantial amount like \$500, and imposed a penalty on members who departed from the price fixed by the body?—A. Speaking of what took place previous to 1900, I think they called for a deposit of \$1,000.

Q. Did they get it?—A. I don't think so.

Q. Did they ever, prior to 1900, impose a penalty of \$500 on the members who did not live up to the regulations?—A. It was never done.

Q. Nineteen hundred was the first time that became a practical living thing in that respect?—A. I won't say that.

Q. You have no knowledge of it ever being carried out before 1900?—A. No. With regard to these mills in the association, I would like to add that there are other mills called in the association that are also not in the association for some of their mills, for instance, the Canada Paper Company, have three mills. The association, only as far as the association price goes, governs one of the mills; the other two mills are free to sell at what they like.

Q. They do not make the paper which is subject to this agreement as to prices?—A. We do not. Sometimes we used to make it, and we can turn off on it to-day if we liked, but we only expect one of these mills is governed by that agreement, but if we made news print in the other two, it would be governed by the same agreement.

Q. For how long prior to 1900 would your judgment be that the price as to news print had been going down regularly? You said for years, how many years?—A. Probably fifteen years with an occasional go up again under conditions something like what arose lately.

Q. That has been a result of cheapening in the cost of production?—A. Over-production.

Q. There had been a corresponding lessening from year to year in that direction?—A. No, a proportionate lessening.

Q. There had been a lessening though?—A. Yes.

Q. As you began to use pulp in place of rags?—A. If there had been a great lessening there would not be a mill in existence in the country to-day.

Q. Would you kindly answer the question. I ask you whether that diminution in the case of raw material had not been primarily the result of using pulp instead of rags?—A. Partially, yes.

Q. Then there had been an improvement, I presume, in machinery, improved processes?—A. Not any improved processes, but in machines to produce larger product.

Q. So that as a result of the change from rags to pulp and of other processes, there had been a gradual diminution of prices up to 1900?—A. Yes. Not only owing to that, but to other things.

Q. They had got down to as low as 2 cents a pound and even lower?—A. No.

Q. Had your price in your own factory never gone below 2 cents?—A. In some particular instances we have; in some special cases; not as a trade price.

Q. How low had they ever got as a general trade price?—A. We have not sold under \$2.15 as a general price.

Q. But making some special bargain for a lower figure depending on the special circumstances?—A. Yes.

Q. And that price of \$2.15, was it coupled with these other circumstances of disadvantage to the manufacturer that you refer to, in the way of allowance for waste returned?—A. I do not mean to say our average trade price is \$2.15.

Q. You speak of that as a general ruling price?—A. I said we sold sometimes as low as \$2.15, and in some particular instances we sold less than that again.

Q. I understood you to assent to my statement of the price which would go down practically to two cents a pound?—A. No, sir.

Q. What figure do you put it at as a general rule, that is, for news print paper, prior to the ruling of the Association in 1900?—A. About \$2.25.

Q. You called that the general ruling price?—A. Yes.

Q. At which you were making a living profit?—A. Well, we thought we were.

Q. With a duty of 25 per cent?—A. Yes.

Q. That was the amount protecting you then?—A. That is the amount of the duty, 25 per cent.

(*Recess*).

Q. Apart from being engaged in the paper business, the manufacture of paper, your company also manufactures pulp?—A. We do.

Q. You manufacture both the sulphite and the ground pulp?—A. We don't manufacture sulphite; we manufacture soda pulp, by a chemical process.

Q. During the past three years, it is in evidence that the price of this chemical pulp has increased very considerably?—A. Yes.

Q. Can you give us the figures approximately?—A. You mean the cost or the selling price?

COUNSEL.—The selling price?—A. We have not sold any, so I cannot give you that, but we buy some, and I can give you the cost of it; what we have bought has increased about seven or eight dollars a ton.

Q. Is there any association or combination amongst the pulp makers?—A. Not that I know of.

Q. What advance has there been in the cost of raw material for chemical pulp?—A. In the soda, which is largely used, there is about thirty-four or thirty-five per cent advance in the wood.

Q. The wood is worth about fifty per cent more than it was two years ago, pulp wood?—A. Yes.

Q. Any other raw material?—A. Bleached powder; that does not enter into the cost of sulphite but it does into soda, increased twenty-five per cent; ground pulp, which we have bought, has increased nearly fifty per cent, from twelve to eighteen dollars. It was worth about \$12 two years ago, and it has increased to \$18.

Q. Has the cost of production increased proportionately to the price of ground pulp?—A. That would be particularly on account of the wood; the pulp wood is the main thing with the ground pulp, and the price of the wood is worth about 50 per cent higher now than it was two years ago, that is spruce pulp wood.

Q. In connection with the Paper Makers' Association of Canada, are you aware of any agreement with paper makers in the United States as to prices, &c.?—A. None whatever, that I know of.

*Re-cross-examined by Mr. Aylsworth, K.C., representing the Press Association:*

Q. Do you mean you were not aware of any, or are you in a position to say there is none?—A. I am in a position to say there is none, or I would know of it.

Q. You were asked as to an agreement as to prices; is there any agreement or understanding between your association on the one part and the International or other American association on the other part, that each shall keep to its own territory?—A. None that I know of. I never heard of any.

Q. And there would be, according to your view, nothing in the way of free interchange of commodity, they selling in the States and you selling here, except the freight and duty?—A. Nothing whatever.

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Q. Nothing that you are aware of?—A. Nothing whatever.

Q. I suppose you do know as to the cost of news print, your association price is just a few cents more than the amount with freight and duty added, for which the same material can be laid down from the American manufacturer?—A. I don't think it has any connection.

Q. A mere coincidence?—A. I think so.

Q. That ought to signify, I suppose, that the duty was just so much in the pocket of the Canadian manufacturer, if the American manufacturer can produce and lay it down here, paying the duty, which is the same material, for the same figure?—A. They make a slaughter price for Canada.

Q. They won't do it, but if they can do it it means that the Canadian manufacturer has 10 or 25 per cent duty as additional profit?—A. I don't believe any one doing a healthy business could do it. I know as a positive fact that they will offer to sell paper in Canada at less than it is profitable to sell in the United States.

Q. Does your acquaintance with the trade of manufacturing paper in this country or in the United States suffice to enable you to say whether you can manufacture here as cheaply as they can?—A. We cannot.

Q. Why not?—A. Because we have not the same conditions under which to manufacture as they have in the United States.

Q. Where have they an advantage in cheapness of manufacture?—A. In the United States they put up a plant for the express purpose of manufacturing news print. That plant would cost probably \$1,000,000, and it is made for making one class of paper only. You could not put that up in Canada, because the Canadian trade would not want it at all. There is not a market for it, and consequently you would lose. The United States, when their market over-produces, ship their over-produce to England. I have known them to carry as much as \$50,000 over-produce to England, and sell it at what they could get to keep their own market clear.

If we put up a plant of that kind to make only news print, we would then have to look for our market in England, and ship our product there and compete with the over-product prices in the United States.

Q. You are not answering at all what I ask. All that you have said might be interesting as a manufacturers' standpoint, but let Mr. White bring out such answers. What reason is there, if any, why American producers can produce cheaper than Canadians?—A. Because he has a larger number of consumers.

Q. That would be the only reason? His raw material costs as much as yours?—A. I presume so.

Q. And he has to lay out money for what costs him as much as it costs you?—A. Yes, I think it would.

Q. So that if you have an equal profit, there would be no reason, except a wider market, why he could undersell?—A. No. In other words,—I will help you—if the United States will give us free trade, we will go free trade with them.

Q. I am not discussing the general question of free trade at all. With reference to these matters that you have been further questioned about, your mill does not manufacture sulphite pulp, but what you call soda pulp?—A. The proper name for this pulp is cellulose.

Q. Are they equivalent?—A. Yes.

Q. They are, one or the other, required in the manufacture of news print?—A. Either one or the other.

Q. And the price of that compound is largely increased since when?—A. Since 1898.

Q. Since about contemporaneously with the increased demand, and with the increased price of paper?—A. The increased price of raw material.

Q. Now, a great many of the larger paper manufacturers manufacture their own sulphite?—A. Yes.

Q. Most of the large ones?—A. Yes, we do.

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Q. Those who do not have to buy from those who do?—A. Not from paper mills who make sulphite, but those who manufacture.

Q. If they had a sufficient sale of it, it would seem to be a remunerative line of business to engage in?—A. It would from the seller's standpoint, but the buyer would not buy from a competitor in paper making.

Q. Are there any factories in Canada where sulphite is manufactured except paper factories?

WITNESS : Manufactured exclusively, do you mean?

COUNSEL : Yes.—A. There are several.

Q. Where are they?—A. There are two in Chatham, New Brunswick, one near St. John and Hawkesbury.

Q. What is the output of the Sault Ste. Marie mills?—A. They have not finished their sulphite product yet.

Q. Are those other places you mentioned engaged in the manufacture of pulp?—A. Cellulose pulp only.

Q. Which they ship to the paper manufacturer?—A. Yes, to the paper manufacturer only.

Q. And the price of their wares is what has gone up?—A. Yes.

Q. Has there been any increase in the price of ground wood?—A. Yes, a large increase.

Q. As to that also, the paper factories are generally speaking, not purchasers; some of them manufacture their own?—A. Some of them manufacture their own and some of them have to buy.

Q. Do any of the paper manufacturers buy their ground pulp?—A. Yes, quite a number.

Q. And also their sulphite?—A. Yes, some of them are placed in that position.

Q. But the great majority manufacture their own?—A. I would not say the great majority but a great number of them.

Q. The later mills?—A. Yes.

Q. They manufacture both these things?—A. Yes.

Q. Then, what reason is there for this large increase in the price of the soda or sulphite pulp?—A. Principally the cost in the raw material in manufacturing. There are also chemicals in the compound.

Q. What chemicals?—A. Soda. We use about 1,000 tons a year. That has gone up 50 per cent in the last two years particularly.

Q. Where do you get that?—A. It comes from Great Britain.

Q. Then has there been an increase in the cost of the pulp wood, in the tree?—A. Yes, a very large increase.

Q. In this country?—A. Yes.

Q. Due to what?—A. Due to the increased consumption, and scarcity at the most economical points to procure it, and American competition is taking this wood out of the country. That is a part of the cause.

Q. Do you mean this wood is exported in the United States?—A. Largely, yes.

Q. And the producer for that reason has increased the price?—A. Yes, the wood is getting scarce at the most economical points to procure it.

Q. Bleaching powder, you mentioned?—A. Yes.

Q. Is bleaching powder used in the manufacturing line then?—A. Yes, largely.

Q. Give me an idea of what quantity of bleaching powder, the percentage, I mean, I don't mean,—well, that would give me what I want. Compared with the value of your output per annum, or per day, how much would you lay out for bleaching powder?—A. We buy about 500 or 600 tons a year of bleaching powder. It used to be \$20 a ton; now it is about \$30; that is about 50 per cent increase.

Q. What I want to get at, I want to know how much percentage of the cost of your production is bleaching powder?—A. That particular article would not apply to the subject you are discussing now. We use that in soda pulp.

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Q. That goes into the manufacture of news print paper?—A. Yes.

Q. Now, what I want to get at is, compare the outlay of your factory for bleaching powder with the total value of your output, what is the percentage?—A. You mean bleaching powder as applied to print paper?

Q. I mean for all the paper in which it is used?—A. It seems to me there is no connection. We make twelve thousand tons of paper a year and over 6,000 tons of this is not interested at all in this question.

Q. What I want to get at: You are putting forward here the increase in the cost of raw material as a reason for the increase in the price of your output. Now, I want to take the whole value of the output of your factory in which you use bleaching powder and tell me what percentage of that total output would be referable to the total cost of bleaching powder?—A. I don't see how I can answer that question very well.

Q. Take your total output if you will, you say 12,000 tons, in which you use bleaching powder. Then what would be the cost price of that to the consumer for that many tons of paper?—A. To some consumers it would amount to  $\frac{1}{4}$  cent a pound, and some nothing at all. For instance, in writing papers, in fine papers, where that goes most largely, it would amount to  $\frac{1}{8}$  c. or  $\frac{1}{4}$  c. a pound, and the newspaper I would not count it of much consequence, but I would make a strong argument with regard to soda.

Q. You mentioned bleaching powder having gone up in price. Now, that does not figure at all in the cost of producing news print?—A. Not much. I would not base an argument on it at all.

*Further questioned by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. You spoke of the condition in the United States as to the production of news print. Can you give me any example as to why it should cost more in Canada than in the States? Do you know of any large papers in the States that have contracts?—A. I have in my mind's eye a number of mills erected in the United States exclusively to supply certain newspapers.

Q. That is to supply one newspaper?—A. Yes, during the excitement of the Cuban war, there were several papers in the United States that used as much as 150 tons a day, one newspaper. In Canada the whole product was not over 125 a day, or fifty or more different papers, in sizes, weights and shades. Now, if you put a mill, a plant to make one hundred and fifty or two hundred tons a day,—most of them are making as much as 200 tons a day of that class of paper. They start on the first of January and run to the thirty-first of December, making the same paper all the time, the same conditions.

Q. There is no loss of time?—A. No, but there is a saving in material. We have to change our machines in the mills, perhaps three or four times a week, and every time we change the paper there is a loss of material.

Q. What is that news print mill, what is the capacity of it to-day?—A. The largest mill we have is 20 tons a day, and we find it difficult to keep that going.

Q. What would be the investment in that mill, what would the paper machines cost?—A. About sixty-five thousand dollars (\$65,000).

Q. The one machine?—A. Yes.

Q. And the other plant in connection with that?—A. The other plant would cost about \$330,000. That mill would cost us about that.

Q. You say you would have to stop that machine to change it three or four times a week?—A. We have to change it.

Q. What would be the number of hours lost?—A. We reckon to lose an average of four hours a day. We tried to get twenty hours; if we can get nineteen we are doing pretty well.

Q. Can you give us an estimate of the value of these four hours you think would affect the cost. What would be the value of say the four hours, including the interest on the machine and the investment? You have the men's time and the loss, &c., say

applied roughly to a pound of paper?—A. Well, I assume if we could run that machine continuously only on paper such as they would do in the United States, I would be glad to make paper at a  $\frac{1}{4}$  c. less than we are doing now.

Q. You think with the stoppage of your mill and the loss of time, &c., it would be worth  $\frac{1}{4}$  c. to you?—A. I am quite satisfied it would be worth  $\frac{1}{4}$  c. more to us.

Q. Is it not a fact that in some of these machines in the States, there are very large machines making a paper of an extra size, and there is a side sheet that can be sold at a greatly reduced price?—A. That happens in all mills where the machines are very wide. If the machine is 160 inches and you have a machine 140 inches, you have 20 inches to spare; it would be more economical to run the machines 20 inches vacant, because you are wearing the centre rolls and the wires; the machine has not been worn evenly, and the machine does not cost any more, only the cost for labour.

Q. As a matter of fact do you know that is what occurs in the States very often when they are offering it at less; it is on account of these extra sheets?—A. Yes, that is the reason, I think.

Q. Would that account for these low prices that have been cited?—A. I think it would account for some of them.

WELLAND D. WOODRUFF.

*Examined by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. You are connected with the Lincoln Paper Mills I understand?—A. Yes.

Q. In what capacity, are you president?—A. No, I am manager.

Q. What is your average output?—A. We make about twenty-four tons a day.

Q. Where are your mills situated?—A. In Merritton and St. Catharines. One in Merritton. We have two mills.

Q. How long have you been in the business?—A. I went into the paper business in 1881.

Q. When was your news print mill erected?—A. In 1887.

Q. You are manufacturing news print now, of course?—A. Yes, sir.

Q. What is the condition of the mill, is it up to date in every particular?—A. In every particular it is up to date.

Q. Conditions favourable to manufacturing?—A. Yes, sir, water power.

Q. Has it been remodelled since 1888?—A. About two and a half years ago I remodelled it and speeded it up to put new wires in.

Q. You are a member of this Paper Makers' Association of Canada?—A. Yes, sir.

Q. Have been for some years?—A. Yes, sir, the paper mills have been since 1880. I think they joined somewhere around there. We erected our mill in 1878.

Q. You are aware of course that the minimum price fixed in 1900 for news print was \$2.50 with the usual discount, 3 per cent off thirty days?—A. Yes.

Q. Were you in favour of that price being fixed at the time?—A. Yes, sir.

Q. What were the reasons that induced the paper makers to adopt that price at that time?—A. Supply and demand. That the cost of supply and demand of the raw material advanced and enhanced the value of our raw stock to go into this. To make a profit we had to advance.

Q. You are aware in 1898 and 1899 paper had been sold at a lower rate than this?—A. Yes.

Q. Is it your experience that \$2.50 at the time fixed, has yielded undue profits?—A. No.

Q. From your experience, if you were investing to-day, from your experience, if you were investing the amount of money required to erect a paper mill, would you con-

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sider that an attractive investment?—A. No, sir, there is not a good enough return for the money invested; from a manufacturing point it is a poor paying business.

Q. At the prices you are getting?—A. Yes, sir, for the manufacturer.

Q. What is the approximate cost of a mill such as yours?—A. Well, we have in the neighbourhood of \$200,000 invested.

Q. That is simply for the manufacture of news print?—A. Of paper.

Q. You don't manufacture pulp?—A. No, sir, buy our own material.

Q. Can you tell us what your raw material costs, sulphite and ground pulp?—A. I put in a statement D-3, showing the cost of sulphite pulp, the cost of ground wood pulp, and the averages per ton in 1899, 1900 and 1901 month by month.

Q. Are these figures taken from your books?—A. Yes.

Q. You know they are the correct prices that you are paying?—A. Yes, there are the invoices to show.

Q. Now, during these three years, during the months that are showing in this statement, D-3, did the price of paper increase proportionately to the price of the raw material?—A. No, sir.

Q. What changes were there in the price of paper?—A. We were selling our paper on an average of about two and a quarter cents.

Q. Were there any other conditions besides the cost of the raw material which led to the advance in the price of paper? For instance, was the price of paper affected by the war, by the supply of news print, &c.?—A. By the supply and demand, it was affected very greatly.

Q. Can you say as to whether the re-organization of this association had anything to do with the advance in the price?—A. No, sir, I don't think it had.

Q. You are satisfied that the price would have advanced independently of the re-organization of this association?—A. Yes, sir.

Q. Did you follow the price of paper in the United States during that period?—A. Yes, some, not very largely.

Q. Did it advance proportionately to the advance in Canada, or was the advance greater in the States?—A. The advance was greater than the association price.

Q. How did the conditions of manufacture compare in the United States and Canada?—A. Well, there is very material difference, their consumption is so much larger.

Q. What is the total consumption of Canada?—A. The total consumption of Canada is about 30,000 tons a year.

Q. What is the consumption of one of the large journals in New York, for instance?—A. The *New York Journal* or *New York World* is about 33,000 tons a year.

Q. That 30,000 tons, does it include anything besides news print?—A. I think it takes in wall paper and news print, and there is included in this patent medicine sheets.

Q. The *New York World* is more than that?—A. About 33,000 tons last year, I think.

Q. You heard the evidence of Mr. MacFarlane as to the lost time, &c., by the stoppage of your machine and the change in size and weight, &c., and agree with his evidence?—A. Yes.

Q. Four hours a day would be the average loss?—A. Yes, about that, to change and make lighter weights.

Q. Would that be equivalent to about  $\frac{1}{4}$ c. a pound?—A. Yes, it would be that, I should think.

Q. Now, when this minimum price was fixed to  $2\frac{1}{2}$ c., that was intended to apply to all consumers throughout Canada?—A. Yes.

Q. It applied to the largest consumer in carload lots as well as the smaller ones?—A. Yes, it was all  $2\frac{1}{2}$ c.

Q. Would it not be natural that small consumers in ream lots, would pay more than large consumers?—A. Yes, and large consumers, such as any of those large papers here, the *Star* or the *Globe*, that is one size and one weight, they would use from four

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to seven tons of paper a day, and the small consumer uses a few reams a day, and they are all different sizes and different weights.

Q. You heard the evidence in Toronto, I think, of Mr. Dingman and Mr. Preston ?  
—A. No, I did not. I heard a part of Mr. Robertson's evidence, that was the last part of it.

Q. But you have been aware of the existence of this association since you have been in business?—A. Yes, sir.

Q. Were the prices discussed previous to 1900?—A. I did not attend the meetings. I was there as assistant manager. Mr. Phelps, who is now dead, was the man who attended all previous meetings.

Q. Are you aware that there are a number of paper mills in Canada outside of the association?—A. Yes.

Q. How many?—A. Somewhere between fourteen and fifteen.

Q. You heard the list given by Mr. MacFarlane?—A. Yes.

Q. You have a knowledge of them?—A. Yes, I know them.

Q. These mills can all make news print?—A. Any paper machine can make news print.

Q. Are you aware that some of the people who have been making news print in the past have gone out of business?—A. I heard so.

Q. Do you know the firm of Alexander Buntin & Co.?—A. Yes. Rolland, J. C. Wilson & Co., they have all given it up on account of the low prices.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. Your mills are owned by a company, are they?—A. Yes.

Q. Joint stock company?—A. Yes.

Q. Does it pay a dividend?—A. Yes.

Q. And has for a good many years?—A. Well, we did pay a dividend ; we met with some bad losses in the way of fire and cyclone.

Q. Did it pass the dividend then?—A. We did not pay any dividend during these years until we made up our losses.

Q. How long were you without paying a dividend?—A. Between five and six years.

Q. What period?—A. Previous to two years ago.

Q. And recommenced the dividends about 1899 or 1900?—A. Yes, in September three years ago our mills were destroyed by a cyclone that passed there ; we met a heavy loss there.

Q. You had to rebuild out of your rest?—A. We had to rebuild out of our pockets.

Q. Then you have made no estimate, apparently, of the cost of production ? The estimates that you handed in was the cost of raw material?—A. No, I have not got any.

Q. This estimate of the cost of raw material, which you have here, you have simply taken from your books, showing what you have been paying during each month since January, 1899?—A. Yes, sir.

Q. Then I see that your cost of sulphite, for instance, was from January, 1899, to September, 1899, uniform at \$32 a ton?—A. Yes.

Q. And then it rose at once to \$36?—A. Yes.

Q. Any reason for that that you know of?—A. Why, the cost of the chemical wood, the cost of chemicals, the cost of wood.

Q. You don't produce that?—A. I am not a producer of chemicals.

Q. You are not a producer at all ; you simply know that your supplier increased the price he asked of you, from \$32 a ton, which he had been content with during the first nine months of 1899, to \$36 a ton?—A. I don't know whether he was content or not ; he took it.

Q. Then, I see in February, 1900, it went to \$42?—A. Yes.

Q. Why that extra six dollars?—A. Supply and demand.

Q. There was no association that you know of among the producers of sulphite?—  
A. No, sir.



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Q. That was just regulated by the law of supply and demand?—A. Yes.

Q. Demand increased?—A. I cannot say. Yes, I think demand increased some during the war.

Q. Demand did increase on you, I mean all the paper manufacturers?—A. Yes.

Q. And that would make the demand for the raw material that you used, increase?—A. Everything that we know of increased during 1899.

Q. That would be, of course, one of the universal laws of supply and demand?—A. Yes.

Q. As the demand increased, supposing the supply did not increase correspondingly, you would find prices go up?—A. Yes.

Q. Why did not you people in the association leave the uniform laws of supply and demand regulate the cost that you were charging?—A. We did; we made a uniform price. We could charge what we wanted.

Q. When did you find it necessary to combine yourselves under a penalty not to sell below that figure when the demand was increasing?—A. It was a fair profit on the workings.

Q. What I cannot understand; will you please explain to me the object of imposing a penalty on any one of your members who would undersell that figure, when the demand was increasing?—A. When we made that price, it was a fair price for news. The demand fixed the price.

Q. Why fine a man for going below the price that you were selling at?

WITNESS: Why fine a man?

COUNSEL: Yes, why fine him?—A. I did not have anything to do with the fining of the men.

Q. You were present at the meetings and you understand what motives caused your association to fix the minimum price?—A. Because it was a fair price.

Q. Why not let the laws of supply and demand regulate it?—A. So we did. We passed regulations fixing the minimum price for our goods and whoever could get more than that was making that much more profit.

Q. You imposed on any one of your members who transgressed that rule and sold under that rate, a penalty, and I cannot understand why you should do that, if you were letting supply and demand regulate it. Can you explain to me why you did that? Why were you afraid that some of your members might be tempted to undersell?—A. I don't know as I quite understand that.

Q. We have heard after your association had been for years in existence, we have heard on the 21st February, 1900, a very rigid, new agreement entered into, men depositing \$500 in a common fund to bind themselves to each other that they would not sell under a certain figure?—A. I consider our old agreement was just as binding as that.

Q. But apparently your association was not content with binding its members in honour; they wanted the deposit of a certain amount of money?—A. That is always safer.

Q. I want to know why that penalty was imposed, when you had a rising market for supply and demand?—A. It was not fixed so much by that. It was fixed so that no man would be tempted to take and cut another man.

Q. So there would be a counter-temptation?—A. To bind a man's honour.

Q. To bind his pocket as well as his honour, his interest as well as his honour?—A. Of course.

Q. Of course the increased demand you were then feeling did not in any way increase the cost of production?—A. Yes.

Q. How?—A. In the raw material.

Q. To you people who did not manufacture your own raw material?—A. Yes.

Q. You just bring us here the increased cost of sulphite and ground wood?—A. That was my raw material.

Q. But the majority of the large mills manufacture their own pulp?—A. No, there are only a few of them.

Q. Take those who do and who belong to this combine of yours, they of course did not feel any increase in cost of raw material?—A. I think they did.

Q. In what respects?—A. The wood itself.

Q. How? Did the wood itself go up in price?—A. No, sir, there was a shortage of water all over America.

Q. A shortage of water-power?—A. No, sir, a shortage of water; they could not get out their logs to market.

Q. The cost of raw material did not uniformly increase, because we find while the cost of sulphite increased in 1899, we find the cost of ground wood went down from \$17 to \$12.50 for August and September?—A. Yes.

Q. That does not arise in the cost of raw material at all. That of course, was not an increase but a diminution in the cost of that raw material?—A. That was in 1899.

Q. That was at this very time when you are speaking of the increased cost of getting the pulp wood to the mills?—A. No.

Q. Why not?—A. You get your pulp wood earlier in the spring to the mills. The shortage came after that. When they went to the wood to cut, it had been for the next year.

Q. Was not this period of drought that you speak of during 1899?—A. The hot months have nothing to do with the getting out of the logs. It is cut in the winter and floated with the rains in the spring.

Q. When was this period of drought that you speak of?—A. The latter end of 1899.

Q. Do you mean the fall months?—A. Yes.

Q. These are not the months of the year during which they float wood down the streams at all?—A. But those are the months when the men in the woods can tell what they can get out.

Q. I cannot understand how the drought is applied to the floatation of wood to the factories, how the drought of that period of the year could affect the matter at all. It is floated to the mills in the spring and that is all over by June?—A. Yes.

Q. And then you don't recommence until the snow comes again?—A. Yes, but if they have no snow in the woods and cannot get in there during the earlier part of the winter when they go there, it certainly causes a shortage of wood.

Q. Then, the drought that you speak of could not have affected the price of ground wood in August or September, 1899?—A. I was speaking about after the August and September of 1899. After that I don't think it affected that.

Q. Then, let us exclude the drought altogether. I find from your figures that in September and August, 1899, there was a reduction from \$17.50 to \$12 a ton in the cost of that ground wood?—A. Yes.

Q. That was not any increase in the cost of raw material there, but your only increase was the cost of sulphite?—A. Then it advanced after that; it advanced very heavily.

Q. Then, your mills manufacture news print particularly?—A. No, we have our other mills which manufacture what we call manilla made from rope and jute.

Q. The pulp-wood does not come into that at all?—A. It is a separate mill.

Q. One of your mills is devoted to news print altogether?—A. No, I made news print, and what we call wood manillas.

Q. In that mill?—A. Yes, it is practically the same, only it is for the dry goods trade.

Q. Does this agreement of yours of last February relate to the output of these other mills or to anything except the output of news print?—A. Yes. It takes in the manillas; we call it wrapping. There is news and wrapping.

Q. It just relates to those two lines?—A. That is all.

Q. Does it cover the whole of the output?—A. Well, paper, yes, and wrapping.

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Q. Then, you think that the association had nothing to do with the advance in prices?—A. No, I think the prices would have advanced if there had never been an association.

Q. That makes it all the more difficult for me to understand why you should have gone to the trouble to require a deposit from different signatories to bind your people so formally not to undersell?—A. It was for the mutual benefit of all manufacturers. Our association was not formed to undersell each other.

Q. It had existed in that shape for twenty years?—A. Yes.

Q. And then, for some reason or other, you reorganized or entered into this new form of agreement of February, 1900, and you want to tell us, as I understand, in your testimony that that had nothing to do with the contemporaneous advance in prices?—A. That our association had nothing to do, or do you mean the prices were fixed?

Q. I understood your evidence to be that in your judgment the association had nothing to do with the advance in prices, was that right?—A. I don't think, on the general advance in prices, that our association had anything to do with it. News print would have advanced if we never had an association.

Q. Let me understand. Do you mean that the agreement which you entered into in February, 1900, had nothing to do with the advance in price, or merely that the circumstances of your being banded together had nothing to do with it?—A. It meant if we had no association whatever, supply and demand would put news print beyond 2½c. a pound.

Q. That is, in other words, the demand had so increased, each manufacturer would be able to get more than 2½c. for his print?—A. Yes.

Q. It would not have cost him any more except the cost of the raw material?—A. Yes.

Q. And the difference to him would be an additional profit?—A. Yes.

Q. That leaves it unexplained why you should enter into this bond with each other and as to that, is there anything further you can tell me with regard to that?—A. No.

Q. Were you at the meeting when it was decided on? You thought it a thing in the interest of your business to go into?—A. Yes.

Q. Was that the first meeting you had attended?—A. I did attend one or two meetings with Mr. Phelps in the city of Montreal. No, before February we had an agreement.

Q. You had an agreement among the producers?—A. Yes, in other lines, not in news print.

Q. But in other lines of production?—A. Yes.

Q. And did you have it under the sanction of the penalty in the same way as this?—A. No.

Q. This was a new feature?—A. An improvement.

Q. To whom are we indebted for that new feature?—A. I cannot say that.

Mr. WHITE objects to this question as being irrelevant.

THE COMMISSIONER.—I do not think that you have any interest in asking that.

Q. You speak, Mr. Woodruff, as Mr. MacFarlane did, of the time lost in changing the mill from one size to another?—A. Yes.

Q. Let me know, without going into these details of your business at all about how much of your output would be taken by, say your largest customer in the line of news print?—A. Oh, I don't make news print as a rule on a contract for any of the large papers. I could not keep any stock of various sizes. I make some rolls and sheets to keep it in stock for various sizes in the trade through the country.

Q. Take Ontario, for instance, the size of the ordinary rural newspaper is uniform?—A. No, different sizes and different widths.

Q. There is not much difference in the width in the column?—A. No, I mean the sheets would be different sizes and different weights. Some papers run 23 x 35 and 24 x 36, 28 pounds, 30 pounds and 32 pounds, and so on.

Q. The different customers of yours take different kinds of articles from you?—A. Yes.

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Q. But your customers from year to year are tolerably uniform?—A. No, I cannot say that.

Q. When you have a good customer, he is likely to stay with you unless he is dissatisfied?—A. I try to keep him as long as I can.

Q. You have some contracts from year to year?—A. No, I have not.

Q. Take your largest customer and tell me how long it would take you to turn out all the news print that customer would require for a year's consumption, or six months' consumption?—A. Well, I think the largest customer I have been selling lately has been the *British Whig* of Kingston, E. J. B. Pence; he uses four carloads a year.

Q. How long would it take you to turn that out?—A. Eight to ten days.

Q. In eight or ten days you would be able to supply him?—A. Yes.

Q. Don't customers, like him, in fact, don't the majority of your customers buy six months' supply at one time?—A. No, not on contract.

Q. But in one order?—A. I cannot say that they do.

Q. Take the *British Whig*, that is a fair sample, the Kingston city newspaper, and probably a dozen newspapers in Ontario with equal circulation, some probably larger, would not such men take six months' supply at once?—A. He doesn't.

Q. How much is his habit?—A. He buys a carload at a time.

Q. Which would run him about how long?—A. About three months.

Q. So that four times a year would be as often as he would get any renewal?—A. That is as often as I have sold him.

Q. Would that be an average thing, that the newspaper men would get in three months' supply at a time?—A. Some of them do and some don't.

Q. Some get more at once, some of them supply themselves for six months ahead?—A. Some of them might. I cannot tell if any customer supplies himself for six months ahead, I don't know of any.

Q. If you have a set of customers tolerably uniform, do you wish us to understand that in making the change you would necessarily have to make in your machines to supply such customers, you would lose one-sixth of your whole working time?—A. Yes.

Q. Lying idle while you are making the change?—A. The whole mill lies idle while you are making the change on the machines.

Q. That would make one day out of six, the year round?—A. Yes.

Q. You said there were some mills outside the combine, do you know whether, in fact, these mills make news print?—A. Yes.

Q. And they don't undersell you?—A. I don't know.

Q. You have not heard of it in your business, have you?—A. Yes, I have heard of it.

Q. You have heard of some of them underselling?—A. Yes.

Q. To any extent?—A. Yes.

Q. To what extent?—A. I have heard of the Laurentide Company underselling.

Q. To what extent?—A. They have sold in Canada below our association price.

Q. Do you mean your present association price or your association price prior to a month ago?—A. Two and a half cents. I am speaking of prior to a month ago.

Q. When you were selling at two and a half cents, they were underselling you?—A. Yes.

Q. To what extent?—A. I cannot say; it is only hearsay. I cannot prove it.

Q. But giving the best information you can give me, was it at the time you were asking two and a half cents, according to association figures, they were selling at some smaller figure?—A. Yes.

Q. You cannot tell me the figure?—A. No.

Q. You cannot remember or you have forgotten?—A. I cannot tell you; it was somewhere below 2½c.

Q. I don't suppose you want to suggest that they were selling at a loss?—A. I don't know; I never went into their books; they run their own business.

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*Re-examined by Mr. White, K.C., representing the Paper Manufacturers' Association :—*

Q. Before that last agreement was signed in 1900 what had been the condition of the trade amongst paper manufacturers ?—A. The trade for the last previous six months had been in a good healthy state. We considered it so. We were advancing prices right along on it.

Q. Your selling is largely done by travellers ?—A. Yes.

Q. It is one of the objects of your association to give these travellers uniform discounts, to control the travellers ?—A. Yes.

Q. Before this association was reorganized, had the travellers certain discretion ?—A. Yes, they did in some respects.

Q. How were they exercising them ?—A. By what the newspaper man would tell him. The other fellow would tell him the day before what he would offer the paper at. The newspaper men were working the travellers for all they were worth.

Q. That was unsatisfactory to the manufacturer ?—A. Yes.

Q. Of course, if you run off, as in the case of the *British Whig*, if you run off a year's supply in ten days, you would have to carry that and there would be a loss of interest ?—A. I would have to have large storehouses to carry that ahead.

Q. It would mean a very large cost on production ?—A. Yes.

Q. There would be no economy in making this year's supply in 10 days and storing it, as against changing your machine—A. Not at all.

*Re-cross-examined by Mr. Aylesworth, representing the Press Association :*

Q. You are running day and night ?—A. Yes.

Q. And you have been for how long ?—A. Since 1878.

Q. That is a general thing with paper manufacturers ?—A. Yes.

## EVIDENCE TAKEN AT MONTREAL, 4TH JULY, 1901.

WILLIAM D. GILLEAN.

*Examined by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. Mr. Gillean, you are the assistant managing director of the Canada Paper Company of Montreal ?—A. Yes.

Q. Have you been engaged in the paper business some years ?—A. May be thirty-five years.

Q. Your company is a member of the Paper Trade Association ?—A. I believe so.

Q. During the year 1900 the Association fixed the price of news print in carload lots at 2½ cents, with the discount three months, with three per cent off thirty days ?—A. Yes.

Q. What was the market price, or the general condition of the market at the time, in the previous year to that, that is in the year 1899 ; what was the state of the market in Canada ?—A. The state of the market. The price was lower ; the demand not so large.

Q. During the year 1899, were you making contracts for news prints with various newspapers ?—A. Always doing, every year.

Q. What is the practice in regard to these contracts ? For what terms are they generally made ?—A. Newspapers make from one to two years. There are exceptions beyond two years, but one to two years is the general rule.

Q. Did the price increase the following year, 1900 ?—A. Yes, remarkably.

Q. What was the cause of that increase ? Was it due to the formation of the association ?—A. I think not.

Q. Explain to us how ?—A. The extra demand on account of the two wars, and the drought that season of water, consequently a lot of mills were obliged to shut down that were run by water-power.

Q. That would affect the output ? It would reduce the output of the mills running by water-power ? Not having a sufficient supply of water they had to close down or run short ?—A. Yes.

Q. Apart from that what was the cause ?—A. The high advance in raw materials.

Q. You mean the pulp wood and chemicals ?—A. The three kinds of pulp, pulp wood, coal and other factors connected with the manufacture of paper.

Q. Can you give us any idea of the advance in pulp wood, about the percentage, roughly ?—A. I think pulp wood advanced about 25 per cent.

Q. And coal ?—A. Well, I can tell you more about coal. In 1887 and 1888 our coal, what we used for drying purposes cost us \$4 a ton laid down at the mill. Our last supply in 1900 cost \$5.90 laid down showing an advance of about 50 per cent for coal.

Q. What price were you getting for paper in 1900 ? What was the market price, after the formation or the reorganization of this association ?—A. Two and a half cents.

Q. It was the minimum price fixed by the association ?—A. Yes.

Q. Was that lower than the market price or were you getting higher prices ?—A. No, in many cases we were selling for less.

Q. Were you also selling for more ?—A. In many cases, more.

Q. How were you selling for less if the association price was fixed ?—A. Contracts made in 1899 to run over 1900, and contracts made the year prior, which we were obliged to carry out over 1900.

Q. What I want to get at is : What was the market price apart from the price fixed by the association ? What would you consider the market price would have been if there had been no association ?—A. It would be fully that price, probably a little higher on account of these conditions.

Q. Did you follow the prices in the United States during the year ?—A. Yes, pretty closely.

Q. Can you give us the figures ? What was the market price in the United States in 1899-1900 ?—A. The market price for news print in 1899, ran from two to two and a quarter cents.

Q. Can you establish that by any trade journals. Have you any data for that ?—A. I have for 1900 ; in 1900 the prices advanced materially.

Q. Give us the price for 1900. We are speaking of news print only ?—A. Here is the *Paper Trade Journal* for May 23rd, 1900, which is considered a reliable authority regarding the paper trade in the United States, and the prices they give as a rule are fairly correct. Here is the price in May, 1900. Speaking of news print running from 3 to 3½c.

Q. Is that under the same conditions and the same quantities ? Is the price fixed by the quantities ?—A. Two and a half.

Q. Does that give a shading price ?—A. You are speaking now of the price that would compare with \$2.50 fixed by the association ?

Q. Here is June, yes, June, 1900 ?—A. The price then 2¾c. to 3c. That is ¼c. reduction in June. Now we will take October 3, 1900, news print ruling in New York was then 2½c. to 2¾c. That is three periods of the year.

Q. During that year were you an active member of the association ? Were you in the executive yourself ?—A. Not on the executive but I was a member representing our company of course.

Q. Did the Canadian association increase the minimum price during that year from \$2.50 ?—A. No, it remained stationary.

Q. Although the ruling prices in the States were higher ?—A. Yes, also in England.

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Q. What were they in England ?—A. I have nothing to show you, but I can give you what a prominent newspaper man informed me during 1900.

Q. What were the prices ?—A. Ramsden, a large paper manufacturer in Lancashire, informed me that they were getting last summer for news print from a penny halfpenny to two pence ; prior to that he was selling paper at a penny and a penny farthing, and it jumped up from one-half to three-quarter cents in England, and he is a paper maker who makes three hundred tons a week.

Q. And you believe the prices were higher in the States and in England than those fixed in Canada ?—A. Yes.

Q. During 1900 did you sell any paper to Mr. Tarte of *La Patrie* ?—A. Yes.

Q. Were you under contract with Mr. Tarte ?—A. No.

THE COMMISSIONER.—Speaking of Mr. Tarte, his evidence has never been concluded ?—A. He was to be here to-day.

*By Mr. White, K.C., resuming :—*

Q. Mr. Tarte was examined as one of the first witnesses in this Commission and he referred to having purchased certain paper from you. Will you please explain the circumstances under which this sale was made and at what prices, &c. ?—A. In April, 1900, Mr. Tarte was under contract with a paper company who unfortunately met with a fire.

Q. You are referring to the Eddy Company ?—A. Yes. He then was driven to his wits' end for paper. He appealed to me as a favour to give him some paper to keep him going until he could make arrangements.

Q. What was the condition of the mills at the time ?—A. They were all very full on account of the demand.

Q. The demand had increased and it was very difficult to buy paper ?—A. Yes, so I helped Mr. Tarte with two or three carloads to help him out. There was no question of price at all ; otherwise he had great difficulty in getting it. To keep him going, I supplied it.

Q. It appears the price charged was 3c. ?—A. Yes.

Q. Did you tell him the price was 3c. because of the existence of the association ?—A. No, not at all.

Q. Did Mr. Tarte understand at the time that the price was 3c. because of the difficulty of obtaining paper, and that was the market price, not because of the existence of this association at all ?—A. Not at all.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association :—*

Q. Your company, of course, has joined this association ?—A. I believe so.

Q. And did so since it was formed ?—A. Yes, I think so ; shortly after.

Q. And has remained a member from that time until this ?—A. Of course there has been an association for many years.

Q. But the old association, we are told by the manufacturers, has been merged into the present one ?—A. Yes.

Q. And was there any such fixing of prices before the reorganization or the agreement of 1900 ?

WITNESS.—In the old association ?

COUNSEL.—Yes.

A. Oh, the prices and terms of contract were always discussed, responsibility, &c.

Q. That is not what I asked you. I ask you if there was any fixing of prices under a penalty on those who did not adhere ?—A. I cannot remember as far as penalty is concerned.

Q. What was the idea in introducing that feature into the long established association ?

WITNESS.—The penalty ?

COUNSEL.—What was the idea of introducing that feature of fixing prices and requiring a deposit of \$500 as a security ?—A. I believe to keep faith with one another, as far as terms and responsibility are concerned.

Q. You were making the terms of credit a little more favourable to the seller and a little more disadvantageous to the buyer ?—A. Oh, I think not.

Q. What was the ordinary term of credit prior to February, 1900 ?—A. Three and four months.

Q. What discount for cash ?—A. Three per cent, sometimes five per cent ; not on news print, I don't know of any case.

Q. I speak subject to correction, but I think several witnesses spoke of getting five per cent for cash ?—A. We never gave it.

Q. You gave three per cent on news print with four months period of credit ?—A. Three and four.

Q. Frequently four ?—A. Yes.

Q. Well, then the effect of this agreement which you were all binding yourselves to keep to in February, 1900, was to reduce that period of credit to three months uniformly, and impose a pretty heavy penalty upon any member who did not adhere to the price which the association established. What was the object of that ?—A. The object was, to those in the association who agreed to those rules so far as credit terms, and cash discount and the matter of waste on white paper and other papers, to see that they would agree, I suppose, largely to make it more binding, but it was never carried out to my knowledge.

Q. Was it never carried out ?—A. No fine or penalty.

Q. There was never a case where a man was called on to be fined ? They were always willing to adhere to the prices ?—A. Yes.

Q. Did you correct your mind as to the objects with which this was done. You cannot give any better explanation as to the object ?—A. It was to maintain prices, terms and responsibility.

Q. To benefit the members of the association ?—A. It must be some benefit.

Q. And it was not at all to keep down the price ; you could trust the buyer to do that for himself ?—A. He would look after that himself.

Q. I rather understand from your explanation to Mr. White that your view of it is that prices would have been higher if it had not been for this association during the twelve months of 1900, do you mean that ?—A. It might have been.

Q. Anything might have been. Do you mean it to be understood, in your judgment, that they would have been ?—A. If you fix a certain price, you feel bound to carry it out. If there is an open market it depends on circumstances.

Q. It does not seem to me that is answering what I asked you at all. I am asking you if you mean to convey the impression that in your view, this association kept down prices, that they would have been higher if there had been no association ?—A. I think in some cases they would have been.

Q. There was no maximum price fixed by the association. You can go as high as you liked ?—A. Yes.

Q. Explain to me, if you can, how, in any instance, the fact of that association existing could lower the price ?—A. It could not lower the price.

Q. It would not have that effect ?—A. No.

Q. Well, you spoke of the market price in 1900 probably being a little higher than the association price ; was there any market in Canada, as a market, fixing the price outside of the association price ?—A. Not as far as Canada was concerned.

Q. But as far as Canada was concerned there was no other price other than the association price ?—A. No.

Q. What were you referring to in answering me in 1900 the market price was probably a little higher than the association price. Was that in other countries ?—A. In other countries.



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Q. In the United States in full operation in 1900 the International Association ?  
—A. Yes.

Q. Had been then for fully twelve months ?—A. Yes.

Q. In co-operation with the Canadian association ?—A. Not to my knowledge whatever.

Q. Have you been an active member personally or actively attending at the meetings of the Canadian association ?—A. Oh, quite a few meetings.

Q. You have been present at the majority ?—A. Quite a number of them.

Q. Have you been present when communications were read with the International ?  
—A. Yes.

Q. And they were not acting in any way hostile with you ?—A. No.

Q. It would be quite right to say they were acting in accord with you ?—A. I think not ; I don't think they did.

Q. What was the purpose of corresponding with them if you were not acting in harmony ?—A. I had no knowledge of their asking us in any way to work with them at all.

Q. Then you were writing and arranging for conferences ?—A. There was a letter passed ; the company wanted to have a conference with us, but I don't think it was ever carried out.

Q. Was there never any conference ?—A. Not to my knowledge.

Q. Nor any arranged by letter ?—A. I think not.

Q. As to neither of you invading the territory of the other or anything of that sort ?—A. Never heard of that.

Q. Supposing there were any outside circumstances like associations to affect the prices either in the United States or Canada, which country would you say, from your knowledge of the business, ought to be able to produce paper more cheaply, having regard, I mean, to the natural advantages of raw material, cost of carriage, &c. ?—  
A. It depends on conditions.

Q. Could it not be said generally, either in Canada or the United States, that the one country could—suppose there was nothing to regulate prices more than the natural play of supply and demand—produce more cheaply than the other ?—A. Given the same conditions we ought to be able to produce as cheaply.

Q. What do you mean by conditions ?—A. Quantity and demand.

Q. Raw material ought to be cheaper here, I suppose ?—A. It is fully as cheap.

Q. Costs more to get the raw material to the factory in the United States than in Canada ?—A. Well, those who export it, or those who take it over. That does not refer to those who have their own mills in the United States.

Q. There is limited production, not unlimited, in the United States ?—A. They are getting wood there yet.

Q. Suppose you take a factory equi-distant from the source of supply, so far as the source of spruce is concerned, one situated in Canada and the other in the United States—can the United States factory produce its output any more cheaply than the Canadian manufacturer, supposing they have an equal haul of their wood ?—A. The same cost of raw material ?

Q. I am not saying anything about the cost of it. Is it any more expensive to bring a supply of wood to the factory in the United States than in Canada ?—A. I think not.

Q. There ought then to be no advantage in favour of the United States producer, so far as this pulp wood is concerned ?—A. Not much.

Q. Would there be in respect of any of the other raw material ?—A. I think not.

Q. Taking it generally, the Canadian manufacturer ought to be able to produce quite as cheaply as the United States ?—A. Yes, if it had large orders, the same side orders.

Q. Then you speak of the cost of raw material, in your evidence to Mr. White, of difference between the cost of coal comparing the year 1900 with 1880 ? —A. I think 1887 or 1888 I said.

Q. Why that comparison ? Did you mean 1898 ?—A. It was 1898. It was a mistake.

Q. You mean to say in two years, from 1898 to 1900, there was an advance in coal of nearly fifty per cent?—A. Very near.

Q. Has the advanced price continued ?—A. It is still in effect now.

Q. Was it unusually low in 1898 ?—A. No, a fair price.

Q. Four dollars ?—A. Four dollars at the ruling price.

Q. It had been higher than that before ?—A. Yes, but it got down.

Q. That particular year, it was a little low ?—A. I think that price followed two or three years.

Q. So long ?—A. I think so.

Q. My recollection is that all coal was cheaper that year than it has been since ?—A. Two or three years it remained fairly low.

Q. But prior to that time, it had been up to the level of the present prices ?—A. I think not. We are speaking of steam coal. It is not house coal.

Q. Take a factory such as yours, consuming the quantity of coal you do, and having an output such as you have told me, how much increased price would it call for to equal a rise of say \$2.00 a ton in the coal you consume, suppose all your other expenses remain uniform ?—A. That is a question I cannot well answer, because I don't look after the practical part of the business.

Q. You could not advise us how much of this price is properly referable to coal ?—A. I could not say that.

Q. Why did you select these particular dates that you did for prices you quoted from the United States market during 1900 ? Were they simply hap-hazard ?—A. Different periods of the year.

Q. Did you note any other dates ?—A. No, I just looked over about a dozen copies. These are different dates and different periods of the year.

Q. You have the issue of the 24th May. How often is this paper issued ?—A. Once a week.

Q. Did you bring these three numbers simply hap-hazard or did you look at any other numbers ?—A. I looked at other numbers.

Q. Why did you select these ?—A. Because those, I find, fairly represent the periods of each of those years.

Q. I notice one of these is 24th May and the other the 6th June only a couple of weeks apart, then you go clear to October ?—A. Well, I had nothing prior to May.

Q. Why did you not bring all that you looked at ?—A. These were, I thought, fairly representative of the prices at the time.

Q. Were there prices in others you looked at and even lower prices ?—A. No, sir, I did not find any lower in any I looked at.

Q. How many did you look at besides those you brought ?—A. About a dozen all told.

Q. You did not find any higher or any lower ?—A. No.

Q. They were all about uniform ?—A. Yes.

Q. These three were not uniform ?—A. Over these periods. You see the price in May was higher than in June ; in October it was lower than it was in June.

Q. You must have found some that were higher or lower ?—A. Some higher ; I did not find one lower.

Q. That looks as though they were pretty absolutely uniform from one end of the year to the other ?—A. That represents the highest and the lowest.

Q. How do they quote the variation, in  $\frac{1}{8}$ 's of a cent ?—A. Quarters, I think.

Q. So they range since that time from  $2\frac{1}{2}$  to 3c. ;  $2\frac{1}{2}$ c. in October ; 3c. in May ?—A.  $\frac{1}{4}$ c. the range is in these three different dates.

Q. These were the general ruling prices in that periodical, in the markets of the United States for this quality of paper ?—A. Yes.

Q. There is no indication as to the conditions of the contracts under which these prices would be taken ?—A. No.

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Q. Have you any knowledge on that point ?—A. No.

Q. You don't know what their custom is as to waste ?—A. No.

Q. Or whether they have any rule as your association has as to equalization points for freight ?—A. I could not say.

Q. Does your knowledge of the trade enable you to tell me whether England produces all of its own paper, or whether it has to be imported ?—A. Oh, it imports some.

Q. Free of duty, I suppose ?—A. Free of duty.

Q. So that the quality being equal, the price of the manufactured paper there could be by the manufacturer made equal to the price imported ?—A. It could be.

Q. And I suppose the price of the imported would in your view, largely regulate the English market ?—A. Oh, to a certain extent.

Q. So that if your association here and another association in the United States did put up the price, the English manufacturer would get the benefit of it ?—A. Partly. Well, to a certain extent. Of course, there is home consumption.

Q. How large was this contract of yours with Mr. Tarte ? For what quantity ?—A. Oh, I think we sold him two or three carloads to keep him going for a short while.

Q. Perhaps two or three carloads ?—A. Yes.

Q. No written contract, just telephone conversation ?—A. Yes.

Q. And you just made the price three cents uniformly all around ?—A. Yes.

Q. That was just a sort of scarcity price ?—A. I thought it quite a fair price.

Q. Half a cent more than your association price ?—A. That paper we sold him we might be getting more than 2½ cents for it.

Q. What I want to know, was whether you were doing it as a favour to him, or whether you were charging him scarcity prices ?—A. He appeared quite pleased to get it.

Q. He had to get his paper or stop his publication ?—A. Well, he put it that way to me.

Q. And if you charged him 4 cents he would have had to pay it and look happy ? At any rate, 3 cents was the price you made ?—A. We charged him three cents.

Q. There were no considerations of any kind, no advantages to you or disadvantage to him connected with the transaction ?—A. No, it was simply a straight bargain of 3 cents a pound for that quality of this paper.

*Re-examined by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. Will you look at this trade journal again and give us the highest and the lowest prices in that trade ?—A. The lowest price is 2½ cents and 2¾ cents.

Q. The lowest is 2½ cents ?—A. Yes.

Q. What is the highest ?—A. 3¼ cents.

Q. When you said, in answer to my learned friend, in all the papers you examined, those were the lowest and the highest prices, you meant prices fluctuated between 2½ cents and 3¼ cents ?—A. Yes, I looked at those at random.

Q. You found no lower than 2½c. and no higher than 3¼c. ?—A. No.

Q. The term 'International Association' was used in referring to the United States production, do you know of any International Association in the States ?—A. No, there is an International Paper Company.

Q. That is an incorporated company ?—A. Yes.

Q. Are not there other companies in the States ?—A. Several others.

Q. Is it not a company that controls all the output of the States ?—A. No.

Q. There are many mills outside of that company ?—A. The Great Northern is equally large.

Q. Did you say equally important ?—A. Not quite, but almost as large.

Q. You never heard of any arrangement or understanding between the Paper Makers' Association and this International Paper Company ?—A. Never, no knowledge whatever.

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Q. Had your company ever tried to buy paper in the States during the year 1900 ?  
—A. They did.

Q. Were you buying any large quantities ?—A. We tried to buy in April or May, 1900.

Q. What quantity did you try to buy ?—A. 500 to 1,000 tons.

Q. At what price ?—A. They wanted 3c., and as a favour they would make it 2½c.

Q. What discount ?—A. About the same, 2½ per cent.

Q. You were asked if the effect of the association was to lower prices. Is it not a fact that you knew that all the members of your association were bound by this uniform price of 2½c. ?—A. Yes.

Q. And it would be useless to ask higher prices ?—A. Yes.

Q. But have the effect of lowering prices, because otherwise you might have got higher prices, you said the prices you obtained on several occasions were higher than that ?—A. Yes.

This agreement that has been referred to and produced as Exhibit P—4, provides that although the deposit is \$500, the power to fine the accused member is an amount not less than \$50 and not more than \$500. Do you know of any fines ever having been imposed at all ?

WITNESS—Or paid ?

COUNSEL.—Or paid ?

A. Not to my knowledge.

Q. So that the penalty is not necessarily \$500 ? It is from \$50 to \$500 ?—A. Yes.

Q. Will you explain a little more fully what you mean by the different conditions in regard to long runs of paper in the States and Canada as affecting the cost of production ?—A. There are some newspapers in New York use altogether in one year as much as we make in Canada all told of news print. There are some mills in the States fitted up with probably five or six machines, will probably run from the first of January to the thirty-first December on probably one or two sizes of paper without any change.

Q. The same quality of paper and the same grade of paper manufactured on this machine from year's end to year's end ?—A. Yes.

Q. Is there any newspaper in Canada can keep a machine running from year to year ?—A. Not one in Canada, not to keep one machine going.

Q. Of course the loss is in labour, &c. ?—A. The changing, shutting down and starting up again. If you could give an order that would run for a month you could do that at a shade less than when we are running for a week or so.

Q. What is the capacity of your news print ?—A. It runs from twenty to twenty-four tons a day.

*Re cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. With reference to the International, you say it is an incorporated company, as you understand ?—A. Oh, it is one of these large concerns.

Q. It is what we call vulgarly 'a trust' ?—A. No, it is one corporation.

Q. It is an incorporated company, formed in the year 1898, I am told ?—A. It is.

Q. And with a capital of some \$55,000,000 ?—A. Somewhere in that neighbourhood.

Q. And formed for the purpose of taking over and operating paper mills that were then running ?—A. Yes.

Q. Doing so to the extent of some fifty odd mills in the different parts of the United States ?—A. I would say thirty or forty.

Q. I understood they started with twenty-four and afterwards acquired some thirty or more ?—A. Possibly.

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Q. At the time that company was formed their output constituted 85 per cent of the total output of the paper manufactured in the United States?—A. At that time.

Q. The Northern Company that you spoke of came into operation within the last twelve months?—A. Yes.

Q. And any other companies there are in the United States are of a formation since the International fused all the mills that were in operation since that time?—A. Since, and some prior to that time.

Q. But taking it as things stand now, the output of the International is more than two-thirds, nearly three-quarters of all the mills of the United States?—A. Oh, no. Well, as far as I think, about probably 60 per cent. I judge from my knowledge.

Q. I thought 70 per cent would be nearer right?—A. I would say 60 per cent.

Q. From 60 to 70 per cent?—A. Well, about 60 per cent.

Q. Then you said that association had not, did you say, had not imposed, or had not exacted any fines from members for infractions?—A. I have no knowledge of any fine being paid.

Q. You had knowledge of some being imposed and remitted, had you not?—A. No, I don't think any fine had been imposed, to my knowledge, I do not think so.

Q. I thought I observed in looking over the minutes some fine imposed and remitted?—A. That might be; I might not have been at that meeting.

LOUIS J. TARTE.

*Continuation of cross-examination of Louis Joseph Tarte by Mr. White, K.C., representing the Paper Manufacturers' Association:*

Q. You were to produce a number of letters which you said you had, and you said you had a basketful?—A. No, I did not say a basketful.

Q. With regard to the correspondence you had from the States and elsewhere as to prices, are you prepared to produce those now?—A. Here is what I am prepared to give. I am prepared to give here the card and the name of the party and the paper mill that offered me paper sometime ago at \$1.85. That gentleman was in my office and saw me several times.

Q. Is that a Canadian mill?—A. No, American. I have no quotation from that mill of \$1.85, or delivered in Montreal here, freight and duty paid, at about \$2.45, less 5 per cent.

Q. A. C. Scrimgeour? He is representing the Manufacturers' Paper Company?—A. That was offered to myself and my manager in my office.

Q. Do you remember what date?—A. Yes, about the month of May, 1900.

Q. The Manufacturers' Paper Company is in the International Company?—A. Well no, not so far as that representative told me.

Q. As far as your knowledge goes?—A. As far as my knowledge goes, yes.

Q. Well now, where are the other letters which you had, Mr. Tarte?—A. What is it you want?

Q. You gave us a lot of quotations; you said you had a lot of correspondence?—A. Yes, I had a lot at the time. I said also that I had asked the International Paper Company and some American mills to quote me prices in Canada, and I found out the price had gone up, and I had been refused quotations from some Americans and subsequently I had been informed by travellers of the Canadian mills and elsewhere, American newspapers, that the Canadian mills were combined with the American mills.

Q. Who told you that? Give us the names of some of those gentlemen who told you that.—A. Here is a letter from the International people, which refused to give me quotations. I produce as P—39, letter dated New York, May 11th, 1900.

Q. What are the names of those gentlemen who told you that the United States International Company and the Canadian Manufacturers' Association were in accord?—A. I had some friends in the newspaper line.

Q. Don't you remember their names?—A. Yes, Hermann Rodger, of New York.

Q. That is the gentleman referred to in that letter?—A. Yes. He told me he was liable to think they were combined, and then a few days after that—

Q. Is he a jobber?—A. No, he is a very big newspaper publisher, the New York Stein Zeitung. There was a representative of one of the American mills came here and he could not give me a quotation—that the Otis Falls mills, as far as I remember and several mills had combined and they had decided with the Laurentide or the representatives of the Laurentide not to come into Canada to quote prices where they were quoting. That was the reason why, if the Laurentide was in position to fulfil my contract, they would not quote.

Q. Where was this contract at \$1.85 to be supplied?—A. From the United States Manufacturers' Paper.

Q. Where are the mills?—A. I forget.

Q. Was that price of \$1.85 delivered in Montreal?—A. I said \$2.45 less 5 per cent; subsequently to that, that was one of the first conversations I had. This gentleman told me if I was willing to give them my business they would do still better.

Q. And you did not arrange with them?—A. I was in no hurry; I am getting paper at 2c. now and am perfectly satisfied.

Q. So you had no more exact information about any arrangement than this statement of Mr. Rodger's? That was the only exact information you had?—A. We wrote to some of the mills in the United States and they would not give us quotations.

Q. There may have been other reasons for that?—A. There might have been, but I had a letter—I telegraphed to New York, to Parsons Paper Company and we were to be supplied with a quotation; we were supplied with a quotation at one time. I forget the price now; I could not find that correspondence this morning. Subsequently after we were told they had more than they could fill in the United States they were not anxious to quote in Canada, and what led me to believe they were combined was that letter I had from the International people, who had promised to give us quotations on a certain date, and instead of doing that, they sent this letter, and I found it very funny that the International Paper Company should have been acquainted with the affairs of the Laurentide.

Q. You say one of these quotations was from the Parsons Company?—A. I said the International to supply us. When it was time to give us quotations they answered me back that they knew the Laurentide was ready to take my order.

Q. What was it you said about the Parsons Company?—A. I asked a quotation from them.

Q. What kind of paper do they produce?—A. They produce all kinds.

Q. Are you sure they produce news paper?—A. Yes.

Q. Did you ever buy from them?—A. No.

Q. Is it not a fact that they simply run their mill exclusively on fine writing paper?—A. I don't know; I had been told they were handling news also.

Q. But to your own knowledge?—A. I found out from American firms and agencies, &c., as far as my ability could guide me, the names of the manufacturers of news print in the United States. I say that Parsons quoted me at once, and they gave me a quotation at first for paper. I forget the price they offered to give me news print here at.

Q. Have you the letter?—A. No; I could not find it.

Q. Have you any other letters? Let us have these letters you refer to.—A. I was asked to produce the contract I had with the other company, and the contract I had with the Laurentide. The Laurentide contract is filed as P—40; Eddy Contract, filed as P—41.

Q. That is in quantities of about 40 tons a month more or less, price 2½ cents a pound delivered to user's office in Montreal, terms cash on delivery?—A. Yes.

Q. And the other contract is the 10th July, 1899, \$2.05 per 100 pounds, all white waste to be returned and allowed for a contract price, terms of payment, 3 per cent off thirty days, four months, your option?—A. Yes.

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Q. This reference you made here to another advantage you had in the way of advertising, what was the nature of the advertisement?—A. Woodenware, &c., advertising matches.

Q. Entirely outside of the paper business?—A. Paper also, I think, but very seldom, I think.

Q. And then you have no other correspondence verifying these prices which you gave us as having been quoted in the States?—A. No.

*Re-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. You spoke of getting your paper now at 2 cents?—A. Yes, sir ; I have offers now from Canadian manufacturers for 2 cents. There is another paper in Montreal has been offered the same thing.

Q. That is your own present contract?—A. No, I am under contract now.

Q. When was this contract made?—A. I have not made a contract, but I can get paper at 2 cents. I am waiting till I get through with the Laurentide to make a contract. I have been offered paper at 2 cents right this week, so has another paper in Montreal.

Q. Of Canadian manufacture?—A. Yes.

Q. You are at present under contract still with the Laurentide?—A. Yes.

Q. So until that contract expires, you have no need of any further supply?—A. No ; I can get paper anyhow from other mills at about 40 cents a 100 pounds less than I am paying to-day to Canadian mills. In fact I have been buying paper from other departments for my paper, for which I am not under contract.

Q. How much longer has your contract with the Laurentide to run, do you say?—A. I think about two months or three months more.

*Re-cross-examined by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. Who offered this paper at 2c.?—A. I would not like to say.

Q. Was it a member of the Paper Makers' Association?—A. No, sir.

Q. It was not a member of the Paper Makers' Association?—A. No, sir.

Q. Mills outside?—A. Yes, I was offered a contract.

Q. By some one outside the Association altogether?—A. Here is the offer I got this week: I got the offer to be supplied with paper, starting September or October, at 2c. and the man offered to deposit \$10,000 to the credit of our company to guarantee he would execute the contract.

Mr. WHITE, K.C.—I would like to have the name, your lordship.

*The Commissioner :*

Q. Have you any special reason for not giving the name?

A. Yes, that gentleman has come here and he is investing money in Canada now, and I have been requested not to give his name.

*By Mr. White, K.C. :*

Q. Has he mills in operation?—A. Yes, he has some business in Canada now ; he is a manufacturer in Canada, but doesn't live in Canada ; he lives in New York.

Q. I would like to insist on having that name?

THE COMMISSIONER.—I would not like to interfere in private business.

*By Mr. White, K.C. .*

Q. You say some of these mills are working to-day?—A. Yes, sir, in the Province of Quebec, prepared to deliver me paper in October when my contracts are through.

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J. D. ROLLAND.

*Examined by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. Mr. Rolland, your firm is a large manufacturer of paper and you have been in the business for a number of years ?—A. About fifteen years.

Q. You have a very wide experience I understand in all matters connected with the paper business ?—A. Yes.

Q. Is your company manufacturing news print to-day ?—A. We are not manufacturing news print in rolls.

Q. You have the necessary machinery to manufacture news print ?—A. Yes.

Q. You could manufacture it ?—A. Yes.

Q. Will you please explain to us why it is when there is an Association in Canada and the minimum price fixed at \$2.50, you are not in business ?—A. I am not manufacturing news print because we are not in position to manufacture at a paying price. It is only mills who have their supply of ground wood and chemical pulp that can manufacture news paper at a paying price. Our having to buy all those from the manufacturers, we cannot make it pay even at the price which is fixed by the market, the market price.

Q. In your experience is 2½c., the price fixed by the Association, an exorbitant price, a high price ?—A. I could not manufacture paper at that price, having to buy all the requirements.

Q. You are aware, are you not, that the ruling prices have been very much higher in the past years, during the past fifteen years ?—A. Naturally ; ground wood, which we bought at the time for \$18, last year we had to pay as much as \$24. Chemical wood, \$35 ; we had to pay as much as \$40.

Q. You have had a large experience also in connection with the Colonization Society, of which you are President ?—A. Yes.

Q. With regard to getting out of this pulp wood ?—A. Yes.

Q. How have the conditions changed in the past few years ? Take it in 1898, 1899, 1900 ?—A. We manufactured some paper for newspaper in sheets. Our price at that time was 3c. and 3½c ; we made some for which we charged 4c.

Q. When the price was 3½c. ?—A. Well, it changed in 1900, when the price of pulp wood went up in 1900.

Q. And the price went up to 4c. ; that is the price you are getting now ?—A. Yes.

Q. Between 1898 and 1900 ?—A. Yes.

Q. Was that due to the increased price of the raw material ?—A. Yes, I have a good deal to do with the wood pulp. Well, about every year since, the price of wood pulp has augmented, particularly in 1899 ; there was a great deal of wood cut in the shanties and immediately the snow went away and wood could not be got out.

Q. That was due to the lack of water in the spring ?—A. Yes.

Q. It was left in the woods ?—A. Yes, it was a loss to a good many settlers, on account of such a small quantity of wood being brought up to the mill and the larger cost to the pulp manufacturer.

Q. As a matter of fact you remember that in the year 1899, there was a drought ; there was a scarcity of water and that increased the price of the pulp wood ?—A. Quite naturally.

Q. Did it also make a shortage in the quantity of the wood ?—A. Certainly. Some of these pulp mills did not get 50 per cent of what they expected, and what they paid out money for.

Q. They made advances to cut the wood ?—A. Yes.

Q. Did that make a shortage in the quantity of paper that was manufactured ?—A. Yes.

Q. These causes would all tend to put up the price to the consumer of paper ?—A. Yes.



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Q. You consider that the price advanced because it did advance as a matter of fact, from causes altogether apart from the formation of this association, or was it due to the formation of the association?—A. Not at all. The association had nothing to do with bringing up the price of chemicals and everything pertaining to paper, machinery, felts and wires, and iron and steel, and everything that was used on our machines went up from 10 per cent to 25 per cent.

Q. Of course we cannot be held for the combine of steel or whatever it is, in the States?—A. No, but the price of wire and all these things went up.

Q. Even at the present prices, would you consider it advisable to go back in the manufacture of news print in rolls?—A. There are only a few mills in Canada that can manufacture news paper to-day at the present rates.

Q. They must have the best conditions?—A. They must have their limits, and they must be able to manufacture their chemical pulp and have the new machines to make this paper at a paying price. Otherwise they fail; practically since January, three or four paper mills have failed. They had not the proper means of getting their wood pulp.

Q. To secure these mills and hold them would mean a very large investment of capital?—A. Yes.

Q. What would be the effect on the trade in Canada of a reduction of the duty?—A. It would ruin many paper mills; would throw out of employment about 5,000 people who are employed in this business.

Q. You speak of failures, the association has not prevented these mills from failing?—A. No, since the first of January five mills have gone out of existence. They could not make a profit at the price fixed by the association and the market price.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association:*

Q. Of course, these failures may have been due to lack of capital or anyone of numerous causes that might be suggested?—A. Well, the principal point for me is that the first material had gone up in price, and they had not the new machinery to manufacture the paper.

Q. In your own mind, do you mean you attributed their failure to the causes you mention?—A. I do.

Q. Was one of the four or five you had in mind, a company in Toronto, called the Consolidated Pulp Company?—A. They were paper merchants, but there were two mills in Newburg and Napanee.

Q. The Newburg Mills and the Napanee Mills were both merged in that company; they had both been sold to the company?—A. I believe so.

Q. And they were ripe for failure for years?—A. I don't know.

Q. I think their accounts demonstrate that. With reference to your own manufactory, you do not manufacture the news print paper in rolls?—A. No.

Q. Do you in sheets?—A. We made some until last year.

Q. Have you ceased manufacturing in sheets at present?—A. We have.

Q. You have still the machinery, you can resume at any time if you see fit?—A. Yes.

Q. But for the present you find more profit, I suppose in other lines of manufacture?—A. We cannot manufacture in sheets at the market price.

Q. And the reason of that is because you have to purchase your raw material?—A. All the raw material.

Q. How many mills are there in Canada which manufacture their own?—A. I believe there are five or six.

Q. All in this association?—A. I could not say precisely, but I should say there are five or six mills.

Q. Let me know what they are—the Eddy Company?—A. Yes, that is one. The Laurentide and the Canada Paper Company, the Riordan and the Royal Pulp. There might be some others, but I don't know.

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Q. These are the principal mills which manufacture their own pulp?—A. Yes.

Q. And the cost of that to those who don't manufacture it has gone up within the last two years very much?—A. Two or three years.

Q. Gone up more in proportion than the cost of news print, I suppose?—A. I believe so.

Q. The result of it being that it would only be such self-producing mills that could manufacture news print to advantage?—A. With new machinery as they have.

Q. Then, do you deal in news print; do you sell it, buy and sell it, at your mill?—A. The mill does not buy paper.

Q. No, but your business?—A. I do buy some sometimes.

Q. You buy from the producer and sell again?—A. Yes, when I have orders.

Q. And do you have your men travelling, soliciting such orders, asking such orders?

WITNESS.—For print paper?

COUNSEL.—Yes.

A. No.

Q. Only supply orders which offer themselves to you?—A. Offers which come to us, and sometimes the customers we have, if they want it, the clerk will offer the paper.

Q. Not doing it at a loss?—A. Oh, no.

Q. And selling at the association price?—A. We sell at a higher price, because I have a higher grade. Having a better quality, I get a better price.

Q. I don't know if I understand. Has not the association fixed the price for each grade, according to its quality?—A. There are but few want to have a special quality; few could make it.

Q. Do I understand you right in this way, that you don't deal in news print paper, the price of which is fixed by the association?—A. Well, this is not news, not print paper; we make some book paper.

Q. I am not speaking of that?—A. News paper, as a rule, we don't make it.

Q. I was told that you dealt in it, that you sell it and buy it from some other manufacturer and sell it again?—A. We do, but we don't make the ordinary news paper.

Q. I am not asking as to your making it or manufacturing it?—A. Nor buying it; we don't make or buy.

Q. You don't buy or sell ordinary news paper?—A. No.

Q. The paper that you buy and sell is print paper but of a higher quality?—A. A higher quality than the regular news print.

Q. So a higher price than the association fixes?—A. Yes.

FRANK HOWARD WILSON.

*Examined by Mr. White, K.C., representing the Paper Manufacturers Association.*

Q. You are a member of the firm of J. C. Wilson & Company?—A. Yes.

Q. Have you been in business sometime yourself?—A. Personally, twelve years.

Q. Your firm, of course, is established by your father; he has been in business a great many years?—A. Thirty.

Q. Where are your mills?—A. Lachute.

Q. Are they equipped for the manufacture of news print?—A. Yes, they could make it.

Q. Have you been manufacturing news print?—A. We make very little of it now.

Q. Did you use to make it?—A. Yes, we did make more than we do now.

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Q. Will you explain the reason for your going out of the manufacture of news print?—A. The price is so low that we cannot afford to make it.

Q. In 1900 the association fixed the prices at \$2.50 per 100 for carload lots; did you go back into the manufacture then?—A. No.

Q. Why?—A. We figured that was the very lowest it should have gone to in 1899, and we would not make it in 1900 at that figure.

Q. You figured in 1899 when the raw material was lower by 25 per cent or 50 per cent, that \$2.50 was the price it should have been fixed at then?—A. Yes.

Q. Would this give you a large profit?—A. Nothing extra.

Q. And you did not go back to the manufacture when this price was fixed?—A. No, we manufactured a little but very little of it.

Q. Can you give us an idea of the price you were getting in 1900?—A. In 1900 we are getting all the way from 3c. to 3½c.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. When had you gone out, practically gone out of the manufacture of news print?—A. In either the end of 1898 or the beginning of 1899.

Q. You practically made none during 1899?—A. We did make very little of it.

Q. Nothing of any account?—A. No.

Q. You were not by any means quitting your output but you were directing your energy into different lines?—A. We never make any money out of news print. We had the mills all there ready, but we turned out other grades of paper.

Q. Then you did not entertain the idea of resuming news print in 1900; could you have done so without expense in the way of changing machinery?—A. We could have, yes.

Q. It would not have been any expense to get new machinery at all; you had all the machines on hand?—A. Yes.

Q. You had occupation for them in other lines?—A. Yes.

Q. And at more remunerative figures?—A. Well, we thought so.

Q. You don't manufacture your own ground wood?—A. Yes, sir, we do.

Q. And your own sulphite?—A. No, sir.

Q. You buy your sulphite?—A. Yes.

Q. And when did you find the big increase in sulphite?—A. In the end of 1899, especially in the first of 1900.

Q. What had you been paying for it in the beginning of 1899?—A. It had been as low as \$30.

Q. And up as high as what?—A. Well, not in 1899; we had paid \$34 and \$35 in the end of 1899.

Q. Then in the beginning of 1899 it was as low as \$30, and it was hoisted in the spring of 1900 to what?—A. Up to \$42 and \$45.

Q. Was there any reason for that increase in price that you can suggest?—A. Well, they gave us a reason; the cost of getting logs out, that it was more expensive and there was a shortage in the pulp.

Q. That was a reasonable sign of shortage?—A. Not so much that. The cost of getting logs out of the river and several other things they gave us as the reason. I know our own logs cost more to get out in 1900 than 1899. The water dropped. It took longer time to get them down the streams.

Q. I thought the drought was in 1899?—A. It was, but it was also in 1900.

Q. Was not there a greater lack in 1899?—A. Yes, there was a greater lack in 1899.

Q. Any other item of cost of production which would be greater in 1900 than in 1899?—A. I don't know.

Q. No other excuse was assigned to you?—A. Not to us.

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Q. But under those circumstances, the price became nearly, if not, 50 per cent more for that commodity in the spring of 1900 than it had been before?—A. For sulphite it had been running from \$30 to \$33.

Q. In the spring of 1900, the price went up to \$40 and \$42?—A. It went about 35 per cent.

Q. Have you facilities for manufacturing your own sulphite?—A. No.

Q. You had to buy that?—A. Yes.

WILLIAM H. ROWLEY.

*Examined by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. You are the manager of the E. B. Eddy Company of Ottawa?—A. No, secretary treasurer.

Q. Have you any knowledge of the paper business in Canada for a number of years?—A. Yes.

Q. And also pulp wood and pulp business?—A. Yes.

Q. Your company manufactures large quantities of pulp and pulp wood?—A. Yes.

Q. What was your experience as to the variation of prices in pulp in 1899 and 1900, both ground and sulphite?—A. Oh, there was a wide range; I cannot tell you exactly what it was, but it was a wide range.

Q. The price increased considerably in 1900 over 1899?—A. Yes.

Q. Can you assign any cause for that increased price?—A. Yes.

Q. Take the ground pulp first?—A. Well, the cost of getting out the wood was very considerably greater.

Q. That would apply to both?—A. Yes, wages in the shanty were excessive, men difficult to get.

Q. Was the wood easy to get at?—A. No, we had no snow in our part of the country; we had no frost rather in the early part of the winter. As a consequence, the output of logs was very limited up to Christmas. Spruce grows chiefly, that is, the bulk of the spruce grows chiefly in the swamps, and unless the swamps freeze up, there is great difficulty in getting the wood and there is also a great difficulty in laying it up. So in that year for the reason that it was a mild winter, a comparatively small quantity of wood was made before Christmas for the number of men we had employed at high wages. After Christmas, or in the New Year, we had exceptionally heavy snow storms, which not only prevented us from laying up the wood—they piled it up in high tiers—but it prevented our men from getting in and drawing out what was piled up. Added to that, the snow disappeared very quickly in the spring, and as the swamps had not been frozen, the water, instead of going as it usually does into the tributaries, went into the ground and filled up these small swamps, and instead of rushing down as it usually does, struck a great deal off our profit. When I say ours, I mean the whole section, including the Ottawa and the Gatineau Valley. I have heard the same conditions prevailed at Hawkesbury on the Rouge. And added to that was the very excessive price of all material entering into the manufacture. Sulphur was impossible to get. Without sulphur you cannot make sulphite fibre.

Q. What was the reason for not getting it?—A. It was contraband of war; it could not be had. I think it went to something like seven times its value.

Q. The shortage was occasioned by the war?—A. No, you could not get it. I forget what it was now, but it was contraband of war. It was bought up by the manufacturers and they could not get it.

Q. Well, then, all these conditions that you have referred to greatly increased the cost of the pulp to the paper manufacturers?—A. Yes. Then, I suppose one-third of all the drives on the Ottawa river were stuck that year.

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Q. The wood had not come out at all?—A. No. We had nearly \$60,000 worth of wood stuck that year.

Q. Now, in your opinion, was the increase in the price of the paper in Canada which occurred in 1900 due to these conditions, or to the formation of this Association?—A. Oh, it was due to the conditions entirely.

Q. Due to the natural conditions?—A. Entirely.

Q. Do you think the price of \$2.50 that was fixed in 1900 was a proper and fair price?—A. No.

Q. What would have been a fair price?—A. Two and three-quarter cents.

Q. So that 2½ would not have given any undue or abnormal profit?—A. It did not give us any undue or abnormal profit; it did not give us a fair profit.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. It was in the spring of 1900, was it, that all these obstacles were thrown in your way by Providence?—A. 1898-1899.

Q. Which year was it you were describing the weather conditions as being unfavourable?—A. The winter of 1898-1899.

Q. How did the winter of 1899-1900 compare as to frost and snow and the other conditions?—A. It was not favourable.

Q. But was it as unfavourable as the previous winter?—A. Pretty nearly, about equal.

Q. You had two hard winters?—A. Yes, and we have another one now.

Q. Now, just at present?—A. Yes, we have. I wish to explain that the season, that this season is nearly as bad as the other one. We have 60,000 logs stuck in there absolutely abandoned. That was the logs cut this season.

Q. The condition of being stuck is being low water, stranded?—A. Yes.

Q. They are not lost permanently; they will come back next year?—A. Yes.

Q. They are for the present season stranded, so they were for two years previous?—A. Yes.

Q. What was the first spring that you felt the effect of these weather conditions that you have spoken of in such a marked way, the spring of 1899 and 1898?—A. The spring of 1899.

Q. There was no trouble with the spring of 1898?—A. I don't remember. They always have trouble in the woods.

Q. I thought you were testifying to some cause for the marked rise in the price of the commodity?—A. Yes.

Q. If so, something that you always meet with would not account for it?—A. No.

Q. There was a marked difference, I understand you, in the physical difficulties you had to contend with, which made itself felt in the spring of 1899, as compared with previous springs?—A. Yes.

Q. Then did the price fall at once?—A. Immediately almost, so far as the pulp and fibre are concerned.

Q. What was the price you were getting for that commodity in say May of 1898?—A. I could not tell you exactly. I could get you the information, but I don't remember exactly.

Q. Would you know if I suggested it to you?—A. I might.

Q. When you say that in May, 1898—were you able to sell ground wood for \$18.00 a ton in May, 1898?—A. We never sold any.

Q. Never sold any?—A. When I say never, we seldom sell any.

Q. Do you sell sulphite?—A. Yes.

Q. What were you charging for it in the spring?—A. I could not say.

Q. Would \$34 be out of the way?—A. We never sold it that low.

Q. What is your minimum figure?—A. Our price is about \$40.00; it varies sometimes.

Q. I want to compare the price after the increase by reason of these conditions that you referred to, with the prices before. What were you selling at before you felt these troubles?—A. We did not sell very much fibre.

Q. I am talking of sulphite?—A. That is the same thing.

Q. You did not sell much, but you sold some?—A. We used nearly all we made.

Q. What was your selling price prior to the hard spring of 1899?—A. It was in the neighbourhood of \$35 or \$36.

Q. Then it is your idea that it took that big lift by the spring of 1899?—A. Not exactly in the spring. Spring and summer.

Q. We had Mr. Barber here yesterday who has to buy all his sulphite, and he told us he was paying \$24 per ton for his sulphite in May, 1898, and exactly the same price in May, 1899?—A. Did he tell you what he paid in June or July or August?

COUNSEL.—No, but the rise came in contemporaneous with the association.

A. This Association has had nothing to do with it.

Q. Of course it would not have anything to do with these providential conditions?—A. It had actually nothing to do with it.

Q. The result of all these things were difficulty in getting out your logs, getting one-third of them lost by low water, and all these conditions you speak of, that you were short of your supply in those two seasons?—A. Yes.

Q. What percentage short from your normal supply?—A. I really don't know. I should say 25 per cent to 30 per cent. I am not quite sure. I did not expect to be asked all these things, or I would have prepared myself to give it to you.

Q. Don't apologize. Do the best you can. Were like conditions applied to other men in the same lines of business?—A. I don't know.

Q. I thought you said so—A. No, sir.

Q. You mentioned the Hawkesbury people?—A. No, sir. I never mentioned Hawkesbury people. What I said was the Rouge.

Q. As a rule the like conditions would apply to all people in that line of business, in getting out pulp wood from the shanties during that time, &c.?—A. On the Ottawa.

Q. And the result of it was that the supply was short?—A. Yes.

Q. And were other people too?—A. That is my opinion.

Q. Did you have to buy any yourself?—A. Lots of it.

Q. From other people whom you found in the same condition?—A. No, we did not buy any.

Q. You had it to sell?—A. We had no pulp.

Q. Do you distinguish between pulp and pulp wood?—A. I was distinguishing between pulp and fibre.

Q. What is the difference?—A. One is worth about twice as much as the other. One is chemical and the other is mechanical. There are two or three kinds of sulphite, not comprehensive in one. The proper term would be fibrite. There are two processes. There is the soda process and the sulphite process.

Q. But there would be none of this expensive sulphur that would be contraband of war in that soda pulp?—A. I don't know.

Q. Now, to come back to the point we departed from. The effect of these different circumstances that you have narrated was that in those last two seasons, without any reference to association at all, your supply and the supply generally of fibre was short perhaps 25 per cent to 30 per cent?—A. I don't know whether other people were short or not. We were short in our business. I had all I could do to look after my own business in those times.

Q. I thought you were speaking as to the general conditions of the trade. Was I mistaken in that idea?—A. I don't think so. But I don't know anything about other people's business.

Q. I suppose you will answer me on the same lines as you answered Mr. White. You replied to him as to conditions, which, as I understood you, were common all over

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the country during those seasons?—A. Excuse me, I said these were the conditions that prevailed at the Ottawa and Gatineau Valley and on the Rouge.

Q. These conditions obtained there, and the result on that section of country was that you were in the spring of 1899 short 25 per cent to 30 per cent in your usual supply of material?—A. Yes, I have told you that.

Q. And the result of it was that people who had it for sale took advantage of the opportunity to hoist prices?—A. I don't know. We did not have any for sale.

Q. Some?—A. Very little.

Q. What you had, you got the market price for?—A. We got the market price, and a little over it whenever we could. I tell you for your satisfaction that we have had \$42 net, spot cash for our fibre at the mill. I remember that transaction because it was a good fat price.

JAMES HARDY.

*Examined by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. Certain letters have been referred to as being exchanged between the International Company and the Paper Makers' Association. Are you aware of such letters?—A. Yes.

Q. Will you produce them?—A. I will. I will produce them all.

Q. These letters it would seem, I understand, refer to an understanding being created between the International Paper Company and the paper makers in Canada?—A. They asked for a conference.

Q. Did that conference ever take place?—A. No.

Q. Was there ever any understanding between the Paper Makers' Association and the International Company of the United States with regard to prices?—A. No, sir; positively no.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. Was there ever any meeting between any representative of your Association and any one interested in the International Company that you are aware of?—A. Not that I am aware of.

Q. Never knew of any such thing?—A. No.

Q. These letters propose a conference, which conference never took place?—A. No.

Q. And has there been, so far as you are aware, any communication between your body and the International otherwise than by letter?—A. Not otherwise that I am aware of. I would like to explain probably the reason as I understand it. At one time the Laurentide Company exported out to England, and the same selling agent acted for the International and the Laurentide in England, and that may be the reason they referred these letters to the Laurentide Company.

Q. Are you speaking of Mr. Tarte's evidence? That explanation seems far fetched?—A. As far as the Association was concerned, they never had any conference or anything more than the interchange of these letters.

Q. But you will let us have all the letters on both sides?—A. Yes.

Q. You might explain to me, as you are in the witness box—I did not quite understand from the minutes—that is, the position of the Laurentide Company with regard to your Association?—A. They have never been members in good standing.

Q. They signed the memorandum?—A. Yes.

Q. But never made the deposit?—A. Never made the deposit.

Q. So that they have not completed their membership by the deposit?—A. No.

Q. You don't regard them as bound by your rules, unless they please?—A. No.

Q. Are they members of any particular section or of any particular part.—A. No.

THE COMMISSIONER.—They did not attend any meeting?—A. No, sir.

## EVIDENCE TAKEN IN THE CITY OF NEW YORK, 16TH JULY, 1901.

ARCHIBALD C. SCRIMGEOUR.

*Examined by Mr. White, K.C., representing the Paper Manufacturers' Association*

Q. Which company are you connected with?—A. The Manufacturers' Paper Company.

Q. Where are your mills?—A. Well, the Manufacturers' Paper Company have no mills. They are selling agents for various mills; operate no mills themselves.

Q. What position do you occupy in the company?—A. I am assistant to the general manager.

Q. Have you occupied this position for the past three or four years?—A. Yes, sir.

Q. Did you have occasion to go to Canada during the years 1900 or 1901 in connection with the business of your company?—A. Not during the year 1900, but during the year 1901.

Q. Did you see Mr. Tarte, of the firm of Tarte Brothers, publishers of *La Patrie* newspaper?—A. Yes, sir.

Q. Can you state to-day the time you were in Montreal?—A. April 30th, 1901.

Q. State briefly the nature of your business with Mr. Tarte?—A. I called upon Mr. Tarte, explained to him that I was in Canada to see if I could interest him in paper from the States.

Q. News print?—A. Yes, news print for *La Patrie*, which he is publishing.

Q. And the *Cultivateur*, a weekly paper he also publishes?—A. I don't know about that, whatever news print he used.

Q. Did you give him any quotations, prices?—A. Yes, sir; I quoted him a price of \$1.85 per 100 pounds, free on board cars at mill, net.

Q. Net, without any discount?—A. Without any discount, net cash, thirty days from date of shipment.

Q. Would Mr. Tarte take charge of the expense of freight and delivery and duty, &c.?—A. I told him what the duty would be.

Q. Did you make any calculation as to what that would cost him laid down at his office in Montreal?—A. I made a calculation as to what it would cost him *ex cars* Montreal, about \$2.48 per 100 pounds.

Q. Was that the price you were getting in the United States; was that the ruling price?—A. That was under the ruling price.

Q. Can you tell what price your firm or your company was obtaining during the year 1900; take 1899 first of all, 1899, and the year 1900, up to the time you made the quotation?—A. Starting with the fall of 1899 and during the year 1900, we were getting at that time—sales were made at that time for delivery during that time—we were getting from \$3.35 to \$3 at the mill.

Q. What discount; what were the ruling discounts?—A. Usually 3 per cent, thirty days from date of shipment.

Q. That was f.o.b. at mill?—A. It was at mill.

Q. When were the highest prices ruling during that period?—A. During the winter of 1899 and the spring of 1900 as nearly as I can recall now.

Q. Previous to that, say for three or four years, what had been the tendency of the prices?—A. Just previous to that, the tendency had been upward, dating back to the time just before the Spanish war; before that the tendency had been downward.



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Q. To what did you attribute the rise in prices during the year 1900?—A. The stoppage of the decline was made by the fact that there was a shortage of pulp here, which made the mills somewhat more conservative than they had been to accept contracts ahead. That was caused by the outbreak of the war, which caused the increase in the consumption of paper; at the same time, there was an increase in the consumption abroad. In consequence of the increased consumption of the paper during the war, there was more demand than could be manufactured.

Q. There had been an advance in the cost of the raw material?—A. Also the breaking out of the war increased the price of sulphur and some of the other materials used in the manufacture of paper.

Q. Did these prices that you quoted prevail for large consumers of carload lots?—A. Carload lots, yes, sir.

Q. Was the price that you have mentioned for carload lots greater than for less than carload lots and also in sheets?—A. In the case of less than carload lots, in the case of sheets, we got the minimum price.

Q. Is your company a member of any combination or association in the United States?—A. Our company is absolutely independent of any other.

Q. Are you aware that there are a number of mills, and if so, can you state what proportion there are of independent mills and companies in the United States manufacturing news print?—A. There are——

Q. In a word, Mr. Scrimgeour, is the price of news print controlled by a combination in the United States?—A. No, sir, it is not.

Q. It is subject to competition by various manufacturers?—A. Yes.

Q. And dealers?—A. Yes.

Q. Mr. Tarte, in his deposition stated that you called on him and gave him this quotation about the month of May, nineteen hundred, was he in error in that?—A. He was in error.

Q. Did you see him at all in nineteen hundred?—A. No, sir.

Q. Had you any particular object in going to Mr. Tarte, going to Montreal in connection with this transaction, was it at his invitation or was it at your own suggestion that you went?—A. It was at the suggestion of Mr. Fullerton, the general manager of the Manufacturers' Paper Company.

Q. Had you any previous correspondence with Mr. Tarte that you know of?—A. None whatever.

Q. You called on him at the suggestion of your company?—A. Yes.

Q. Were you expecting to open up business in Montreal or Canada?—A. No, sir.

Q. Have you any objection to state the object of your going to Montreal, or was there any special object?—A. We had been informed that the Canadian manufacturers were discussing the advisability of offering among themselves a rebate of duty of six dollars (\$6.00) a ton on every ton of paper that was exported from the country. That would enable them to make lower prices in Great Britain and it would make competition against us. It was in order to give the Canadian manufacturers to understand, that if they entered into such an agreement, it would be against the interest of our mills, that we would invade their territory in Canada.

Q. Even at a sacrifice?—A. Even at a sacrifice. I went there with the idea of having the knowledge widely spread that I was there and have it come to the ears of the Canadian manufacturers, so that they would not make the proposed arrangement of giving the export rebate.

Q. Is your company a large exporter to England?—A. Yes.

Q. It is one of your large markets?—A. Yes.

Q. Can you state approximately what amount of paper you export to England annually, or do you follow the export generally apart from your own company. Could you give us any idea of the exportation of American paper?

Question withdrawn after discussion.

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*Cross-examination by Mr. Aylsworth, K.C., representing the Press Association :*

Q. Your quotation was \$1.85 or \$1.87 ?—A. \$1.85.

Q. Did you make any of \$1.87 at any time ?—A. No, sir.

Q. \$1.85 you judge would be equivalent to \$2.48 off the cars in Montreal ?—A. Yes.

Q. Were you aware at that time that there was an association in Canada among the manufacturers ?—A. Aware of no fact, except what I saw in trade papers.

Q. You had seen in trade papers that there was one recently formed ?—A. Yes.

Q. Did you know that the price was \$2.50 ?—A. We had been informed that—

Q. Was that any factor with you in making your quotation ?—A. Yes.

Q. You designed a quotation which would be practically equivalent or a few cents under ?—A. Yes.

Q. I did not understand you that a sale at these figures would have been any loss ?—A. No, sir. It would have been a loss in the sense that we might have got more money here for the same paper.

Q. It would have been a loss in the sense that if you had sold it here, you might make more out of that quantity of paper, but it would not be a loss in the sense that what you would receive would be less than the cost of manufacture ?—A. We thought we would have nothing whatever to do. That would be a matter for the mills to decide. We act simply as selling agents, not as manufacturers of paper.

Q. You are not the manufacturers ?—A. No, sir.

Q. But you don't make quotations without the authority of the manufacturer, I presume ?—A. Not without consulting with them, or working in harmony with them.

Q. And not without his prior authority ?—A. Yes, we might.

Q. Did you in this instance ?—A. Yes, we did in this instance without prior authority.

Q. You were making your quotation for what particular mill, or was it any particular mill ?—A. Without making it for any particular mill.

Q. You are agent for more than one company ?—A. Yes.

Q. How many ?—A. We are agents for three mills and sell part of the product of half a dozen more, besides which we buy wherever we see fit and sell wherever we see fit.

Q. When you say mills, do you mean three or probably four ; do you mean more than one company ?—A. Yes.

Q. How many companies ?—A. Three different companies.

Q. Then, in making this quotation to Mr. Tarte, do I understand you were doing it without reference to any particular mill ?—A. Yes.

Q. Were you doing it for the paper you had already contracted for, of which your own company was the owner ?—A. No, sir ; simply that time on our own responsibility.

Q. And trusting it to be ratified by your principals ?—A. Yes.

Q. Are you in a position to say whether, had that contract been made and carried out, the manufacturer would have sold at a loss as compared with his cost of production ?—A. He probably would have made a profit on it.

Q. Had you any particular mill in your mind from which you were going to ship this paper if the contract had been entered into ?—A. I had several mills in mind.

Q. Any particular one had you ?—A. I had three mills in mind, from anyone of which we might have shipped, depending on the size and width of the roll.

Q. Have you any objection to letting me know the mills or manufacturer ?—A. I prefer not.

Q. Did you make an offer to any other newspaper than Mr. Tarte ?—A. I saw some of the other newspapers in Montreal, had talks with them but received no encouragement to make any quotation to them.

Q. Did you or did you not make any quotation ?—A. I might possibly have mentioned a figure.

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Q. The same figure?—A. Yes.

Q. To other newspapers?—A. Yes.

Q. And in fact, you went there prepared to make contracts for any quantity that the newspaper company desired at that figure?—A. Hardly that. I went there to sound them.

Q. Were you not prepared to carry out your quotation?—A. I was prepared to make contracts with them.

Q. At that figure?—A. Yes.

Q. And to any extent that they desired, within reasonable limits?—A. Yes, within reasonable limits.

Q. But did not, in fact, make any contracts?—A. No.

Q. What quality of paper was that?—A. That was ordinary newspaper.

Q. You have in your mills here more than one quality?—A. Yes.

Q. How many?—A. We have what is known as No. 1 and No. 2 news.

Q. Have you a No. 3?—A. Never heard No. 3 mentioned.

Q. But if it were very inferior to No. 2, it might go below?—A. Yes.

Q. But what was this, 1 or 2?—A. This was No. 2.

Q. That is a grade that is used by many of the newspapers in the United States?—A. Yes.

Q. Would you recognize it if you saw it?—A. Probably.

Q. Look at this copy of yesterday's *Toronto Globe* and tell me about where that would grade in the United States?—A. That would grade as an inferior quality of No. 2.

Q. It would be below No. 2?—A. It would pass as No. 2, but a low grade of No. 2.

Q. Inferior to the quality of paper you were quoting on?—A. Yes.

Q. Look at yesterday evening's *Toronto Star* and tell me how that would grade?—

A. That would grade as No. 2; about the quality of the paper that we did offer.

Q. Are there better qualities?—A. Yes.

Q. But that is about the quality of paper you were offering at \$1.85?—A. Yes.

Q. You know the grade of paper the *New York Herald* uses?—A. Yes.

Q. Was that about the grade you were offering?—A. No, that is a better grade.

Q. Than you were offering?—A. Yes.

Q. Did you have samples with you of the grade you were offering at this figure?—

A. I am not sure whether I had samples with me or not. I did. I know I did, now.

Q. Did you exhibit those samples?—A. Yes, sir, I did.

Q. And any practical paper man would know that what you were offering was a more expensive grade of paper than the grades I have shown you to-day?—A. No. More expensive than the *Globe*, and practically the same quality as the *Star*.

Q. Did you, on the same occasion, the same trip, go to Toronto?—A. Yes.

Q. You made similar quotations there?—A. Made a quotation of \$1.80 there.

Q. Why lower?—A. On account of the difference in freight rate.

Q. Would \$1.80 at your mills mean to the Toronto man practically \$2.50?—A. It would mean just a trifle under \$2.50, ex cars.

Q. There would be five cents difference in freight in favour of Montreal?—A. Just about five cents.

Q. And it was the same grades of paper you were exhibiting in Toronto, quoting there to the different newspapers?—A. Yes.

Q. That was in April of this year?—A. I was in Toronto on May 1st.

Q. Of this year?—A. Yes.

Q. In Montreal on April 30th?—A. Yes.

Q. Was that the first occasion on which you had made any quotations in Toronto or Montreal?—A. Yes, sir; well, we have sold paper in Toronto in years gone by in small quantities. That is the first time in the last few years we made quotations there.

Q. Did you state to any of these newspaper people in Montreal or Toronto on that occasion, what that quality of paper would sell at in the United States market, that quality you were offering at \$1.85?—A. I do not recollect that I did.

Q. What price, in fact, would that grade of paper command at that time in your market?—A. About 2½c.

Q. What difference in price would you say would reasonably be made between that grade of paper and the grade of the *Globe* that I just showed you; supposing you had the two quantities, what difference in quotations could be reasonably made?—A. The quality of the *Globe* would hardly sell in this country at all for newspaper purposes.

Q. It is too inferior?—A. Yes.

Q. Suppose you did find a customer willing to take it, what could you say you would offer to sell that at; how much under the other grades, such as you were quoting?—A. Probably 5c. a hundred.

Q. Why is it inferior; what is about it that makes it inferior?—A. It is rough and coarse.

Q. Look at the two papers and tell me what is the practical difference between the two. I thought they were identical?—A. The *Globe* paper has no finish. The pulp stands up on the surface.

Q. It covers the difference that you notice?—A. That is the particular difference; it is a coarse paper in comparison with the other.

Q. Inferior quality?—A. Yes.

Q. Would there be more than 5c. difference between the two grades?—A. I don't think so.

Q. How much would you say would be the difference in price between the paper of the *New York Herald* and the *Globe*?—A. These papers are not in the same class at all.

Q. Give me a price to equal the difference in the quality of the paper?—A. The *New York Herald* is worth about ½c. a pound more than the other.

Q. This paper is \$2.20?—A. The other would be \$2.32½.

Q. I do not understand—probably because I do not understand the trade—but you told me the *Globe* is a low grade No. 2; where do you rank the *Herald*?—A. The *Herald* is No. 1.

Q. And only 12½c. per 100 difference?—A. That is practically all.

Q. What is the difference between No. 1 and a good grade of No. 2?—A. I am telling you between the *Herald* and the *Star*. I am making comparison now between the regular No. 2 and this, and that would make perhaps 5c. a hundred more; that would be 17½c.

Q. The *Herald* you would say \$2.32½, and the other \$2.15?—A. Yes.

Q. At that time, in the end of April and the first of May last, was news print selling in this country at 2 cents?—A. There had been some contracts made at that price.

Q. That might fairly be said to be the market price, for some goods?—A. Below the market price.

Q. It was rather below, but there were contracts made at that?—A. There were some for the largest consumers.

Q. At the mill or at the newspaper office?—A. At the newspaper office.

Q. How about waste, was waste returned to the mill?—A. No, sir, it was not returned at any time.

Q. It was a loss to the consumer?—A. It was returned at 7½ cents a hundred; it is worth that to the mill as paper stock.

Q. Overweight?—A. No, sir.

Q. No advantages to the consumer on the 2c. contract?—A. No, sir; it was a 2c net price.

Q. Discount for cash?—A. No, sir, no discount.

Q. What grade would that be?—A. That would be No. 2 grade.

Q. At least equal to the *Star* and superior to the *Globe*?—A. Yes.

Q. Worth 12½c. more than the *Globe* paper?—A. Five cents a hundred more than the *Globe* paper.

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Q. No. 1 is 17½c. ?—A. No. 1, yes.

Q. What was it that you say sent you to Canada, some fear ?—A. We understood there was a proposed arrangement between the Canadian mills to give an export rebate of \$6 a ton.

Q. For export anywhere out of Canada ?—A. Yes.

Q. How did you get wind of that ?—A. Through the reports in the trade papers.

Q. Who, as you understood it, was going to give the six dollars, the manufacturer in Canada ?—A. The manufacturer in Canada, yes, sir.

Q. Your present duty in this country is, I suppose, practically prohibitive from Canada ?—A. Yes, sir.

Q. What is your duty ?—A. I really don't know what the duty is.

Q. Ours is 25 per cent ?—A. I know yours is 25 per cent, but what it is coming in here I don't know.

Q. Well, did you ever hear anything more of that suggestion of export rebate, or was your inroad the end of it ?—A. I never heard anything more of it.

Q. Did you intimate to the Association or to any Canadian manufacturer that you were going into the country to make the prices ?—A. No, sir.

Q. You just left that to be circulated by themselves ?—A. I hoped that the publishers would do that better.

Q. Did you make any contract, in fact ?—A. I made no contract and no sales.

Q. Well, I understood you to say this morning that the price here was \$2.35 and \$3. Just explain how that is. Did I understand you correctly; did you tell Mr. White this morning that the price at this time was \$2.35 ?—A. No, that was during 1899 and 1900.

Q. What had lowered the price; was there any lessening in the cost of production ?  
A. Lessening in the cost of production.

Q. In what respect ?—A. Sulphur was cheaper and other materials had gone down.

Q. Had there been any corresponding lessening in the cost of production to make a great difference in price ?—A. It was due to that cause, and also to the cause that there was not the same demand for the paper.

Q. I suppose new mills came into existence; there was more competition ?—A. New mills came in, so that the great demand was being taken care of by the various mills.

Q. Supply was approximately equal to demand ?—A. Yes.

Q. At the time of the high prices that you mentioned, demand was in excess of supply ?—A. Yes, sir.

Q. About what is the daily output of paper in the United States, can you tell us, of news print ?—A. It is approximately in the neighbourhood of 2,500 or 2,700 tons a day.

Q. As large as that, do you think, at present ?—A. Yes, sir.

Q. What portion of that would be due to the International ?—A. They make about 1,500 tons a day.

Q. How long since the output for the whole country has exceeded 2,000 tons a day; a year ago, was it as much as 2,000 tons, would you say ?—A. Yes, I should say it has been in excess of that for the last five years.

Q. You have had some large new mills go into operation within the last twelve months ?—A. Yes, one.

Q. Which one is that ?—A. The Great Northern.

Q. Is that the only large one ?—A. Yes.

Q. What output is there from that mill, daily ?—A. About 200 tons.

Q. What prices ruled with you, say in February, 1900, February of last year, for your No. 2 ?—A. About 2¾ cents.

Q. Where was that, at the mill or at the office ?—A. It was delivered.

Q. Delivered at the newspaper office ?—A. Yes.

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Q. Any discount or any advantages as to returned waste?—A. There might be 3 per cent for cash and no privilege for waste except 75 cents if returned on board the point of consumption.

Q. How long has that price ruled in No. 2 print?—A. That had ruled from shortly after the breaking out of the war with Spain.

Q. That would be how long before February, 1900, that was in 1898?—A. The active demand began in 1898. In the fall of the same year.

Q. Of 1898 or 1899?—A. 1898.

Q. Then during 1898, had the prices at this figure ruled?—A. Yes.

Q. What month in the fall of 1898?—A. I could not say without looking up. The demand began early in the summer, the active demand, and at that time there was a shortage of pulp wood which caused the mills to stop taking contracts, to be very conservative as to the prices they made.

Q. Are you quoting 1898 or 1899 as to the rise in price?—A. I am not quite sure as to the time the war broke out; I think it was 1898.

Q. But, at any rate, contemporaneous with the breaking out of the Spanish war, there was a greater increase in the price of paper?—A. Yes.

Q. Due, as you say, to the increased demand, coupled with the limited supply?—A. And also the increase in the cost of manufacture.

Q. Increase of sulphite?—A. Increase in cost of various articles to manufacture.

Q. What other articles besides chemicals?—A. Increase in the cost of wire, and, as I have already explained, there was a limited supply of pulp wood, which caused it to go up.

Q. There was no increase in the cost of getting out the pulp?—A. Perhaps no increase in the cost of manufacturing, but in getting it out, getting out wood, yes.

Q. There was no increase in cost of getting it to market?—A. It cost more for the wood, for the simple reason that there was not enough wood to go around, a scarcity of wood, consequently higher prices could be obtained for it.

Q. There were scarcity prices, and the dealer took advantage of the scarcity and put up the price, but it did not cost him any more?—A. I don't know anything about that.

Q. Do you know when the International Company was formed?—A. I think it was January, 1897.

Q. I think you are in error; if my information is correct, they incorporated, I am told, on the 31st January, 1898?—A. 17th January, 1898.

Q. I am told articles were filed in New York State on the 31st January, but it does not signify as to a couple of weeks. January, 1898?—A. Yes.

Q. And at that time that company controlled on its formation, at any rate, three-quarters of the output at least of the United States?—A. It controlled three-quarters of the output of the mills east of the Mississippi.

*Re-examined by Mr. White, K.C., representing the Manufacturers' Association :*

Q. Just to make it clear, when you went to Canada last April and May, were you seeking the Canadian market, or was it to protect your export market?—A. It was to protect our export market. I went there with the expectation of making no sales.

Q. Did you give any quotations in writing to them?—A. None.

Q. Had you any requests for quotations in writing?—A. No, we had none. I beg your pardon. I did have one request to place my quotations in writing, which came from Mr. Atkinson. He asked me to write him.

Q. Did you do it?—A. I did not.

Q. Getting too serious, was it?—A. I thought it was well to let good enough alone.

Q. You thought your object had been accomplished by making the quotations?—A. Yes.

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Q. During the year 1900, was \$2.50 a fair price; would that have been a fair price or a low price in the United States?—A. During the greater part of 1900 \$2.50 would have been a low price in the United States.

*Re-cross-examined by Mr. Aylesworth, K.C., representing the Press Association:*

Q. Do you mean the court, when your evidence is seen, to understand that you were not prepared to make contracts in Canada at the figures you quoted?—A. I was prepared to make contracts in Canada, but at the price I was quoting, I felt sure of the fact that my quotations would not be accepted, at the price I was quoting.

Q. Had anyone called your bluff, would you supply it?—A. I would have seen them and made the contract.

FRANK SQUIER.

*Examined by Mr. White, K.C., representing the Paper Manufacturers' Association:*

Q. What is the name of your firm?—A. Perkins, Goodwin and Company.

Q. Of New York City?—A. Yes.

Q. Are you manufacturers or dealers?—A. We are dealers.

Q. You have been in the business a number of years?—A. Yes.

Q. Is your business extensive?—A. Sometimes we think it is.

Q. Were you handling that news print during the years 1899 and 1900?—A. Yes.

Q. To a large extent?—A. Yes.

Q. What were the ruling prices, or could you cite the contracts?—A. I guess I better refer to my book and cite the contracts as we had them. This is our contract book (producing book) and I can give you prices during the years 1899 and 1900, actually taken.

Q. Actual contracts made?—A. Yes.

Q. These prices will be for news print in carload lots and over?—A. By carload lots, and tonnage. We generally take the contracts by the ton delivered in New York City; most of our business is in New York delivery, city deliveries.

Here is a contract for 200 tons, taken the month of December, 1899. We took that at \$2.30; 2 per cent off cash.

Q. Two per cent off, 30 days?—A. Yes. That was in December, 1899. That is the beginning of some trouble we had afterwards in prices. Would you like prices of 1900?

COUNSEL.—Yes, 1900; you have given us the prices in 1899 as \$2.30 in 200 ton lots. We would like something indicating the tendency of prices during the year 1900, whether the price was rising or falling?—A. Well, the prices were rising that year. Now, we have an order that was taken in August, 1900.

Q. What quantity of paper? A. We have an order of 1,000 tons, we took in August 29th, 1900, 2½ cents.

Q. The same discount?—A. No, sir, that was for four months time on that. It is equivalent to 2 per cent discount. Now, I have an order here we took in February, 1901. That was \$2.40. That was a net price, but it covered a little time, not much, however, thirty days.

Q. Perhaps you can give us the highest and lowest prices you had in 1900?—A. Well, I don't know as I could give you it quite as broad as that. This book does not run as far as I supposed it did. I should have brought its predecessor.

We had an order in January, 1900, at \$2.25, net cash, and also some of \$2.65.

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Q. What is the quantity?—A. That is 250 tons and 125 tons. It is 250 tons at \$2.25 and \$2.65.

Q. \$2.65 net for what quantity?—A. It was an order for 250 tons, and the price is divided; the first 250 tons at \$2.55 and the second at \$2.65. Then, in January, same following, the same parties, having 250 tons at \$2.75 net. Then in February, right following again 2 $\frac{3}{4}$  cents net cash.

Q. What was the quantity there?—A. 200 tons. We had an order on February 28th, from the same parties for delivery in April. That was \$2.65 net.

Q. 200 tons also?—A. They used 376,000 pounds,—188 tons. That was \$2.65 for April delivery, bought in February. On January 27th we took an order of 700 tons of news at \$2.65,—that is, 1900.

Q. Is that net?—A. That was net, on four months time.

February 7th, 1900, we had an order of 100 rolls; that would be perhaps 25 or 35 tons. That was a little bit under weight. The price of that was 3 $\frac{1}{4}$ c. cash, ten days. That is net, but that price was a little under weight, and I got an extra price for that.

March 20th, 1900, we closed a contract for one year's supply, amounting to 25 tons a month; that would be 300 tons. That is at 3c. net, 30 days.

Q. These prices that you have quoted, Mr. Squier, were they the market prices?—A. They were the market prices at the time. They came in under competition made at that time, but we did not get all the orders by any manner of means, but that was what we took, and where there was good healthy competition.

Q. These figures that you have given us so far, running from November, 1899, to February, 1901, are all, with the exception of two, above \$2.50?—A. Yes.

Q. So that you can say that the ruling price during 1900 was a fair running price of \$2.50?—A. Yes, and over.

Here is an order, a contract for a year's supply made on December 27th, 1900. That is about 20 tons a month. That price is 2 $\frac{1}{2}$ c., 1 per cent off, ten days. There are some more prices here.

Q. Is it a fact, Mr. Squier, that the price before 1899 had been somewhat lower than the price you have given us, in 1897 and 1898?—A. Yes, sir, a good deal lower prices in 1898.

Q. How do you explain that advance in price?—A. On account of the combination of the mills of the International Paper Company and local reasons; prices advanced in some materials and the Spanish war, which made a great demand for paper.

Q. The organization of the business in the States was one cause and the increased consumption and increased cost of material?—A. Yes, owing to the war; the war also gave us an increased cost of material.

Q. When you speak of the organization of the International Paper Company, are there mills outside of that company?—A. Oh, yes, a good many.

Q. A large number?—A. Yes, there are now; there was not at that time. Most all the large mills were included in it. There were some, however, left out.

Q. At the time of these quotations you have given us was there any association including all the mills that fixed minimum prices? Do you know of any association that covered all the mills, or any agreement amongst the manufacturers of paper in the United States to make a minimum price?—A. I do not, further than the International; that was an incorporation.

Q. What portion of the output did they control?—A. I presume they have about one-half; that is, of the whole States.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. How long since you were told, Mr. Squier, that you would be desired to give evidence in this matter?—A. It might be forty-eight hours. I don't think it is more than that.



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Q. And you have been looking up these quotations that you have given us?—A. I only looked them up in this room.

Q. Had you been looking them up before you came into this room to-day?—A. Yes, sir, I looked through the book.

Q. Did you look for low quotations?—A. I did not, no.

Q. You cannot find any; you have not given us a low one at all?—A. I have given you the fair average of the quotations in 1900.

Q. You would not object to my looking over the book?—A. You can look through it with me; you could not tell from my book without interpretation.

Q. You be my interpreter; kindly give me, if you will be so good, any low quotations you have during that time, February and January?—A. In 1899 I have not been giving you quotations in 1899

Q. The first one you gave us was December, 1899, 200 tons at \$2.30, was that the lowest figure you saw in December anywhere?—A. I think so; yes, sir, there is one at \$2.30 and one at \$2.25. One was 200 and one was 100 tons; 200 tons at \$2.30 and 100 tons at \$2.25.

Q. What grade would that be, No. 2?—A. I should not grade it as No. 2 myself, but as Mr. Scrimgeour has established that grade, it could come under the head of No. 2 grade.

Q. It would not be No. 1?—A. No, sir.

Q. Was it in rolls?—A. Those were sheets, partly rolls and partly sheets.

Q. The sheets are more expensive?—A. No.

Q. Don't you get higher prices for your paper in sheets?—A. No, the weight is generally better; they make paper fixed on the machines.

Q. Is it a fact that the prices run higher where the paper is in sheets than in rolls?—A. No, it is by the pound anyway.

Q. It gives a little more by cutting them into sheets and reams, but it is pressed by putting them into rolls?—A. Yes.

Q. Had the prices taken this upward leap that you speak of at this time, in December, 1899; you spoke of a great advance about contemporaneous with the war?—A. The advance was then going on.

Q. It had begun before that?—A. Yes.

Q. When would you say it had fairly begun?—A. I should judge it was in the autumn it commenced, just after the war; that was in the fall of 1898.

Q. And had been going on, gradually increasing during the twelve months of 1899?—A. Yes.

Q. So that in December it had reached these figures you mentioned?—A. Yes.

Q. Then, do I understand you, Mr. Squier, that these figures you have given us here to-day are fair, average samples of your book?—A. I consider them so.

Q. Not picking out high prices at all?—A. There may be a little variation; sometimes the question of competition comes in; it might vary the price a little.

Q. Did you select them before you came into the room to-day?—A. No, sir, just looking through the book.

Q. So there would be no object served by your looking there now, by looking for lower; you might find some with a few cents variation, but nothing substantially different?—A. No.

Q. Then these were quotations of sales, prices at which the consumers placed the business?—A. Delivered in New York to city newspapers and publishers.

Q. And of what we should call, in Mr. Scrimgeour's grading, would be No. 2 news print?—A. Yes.

Q. You are not a manufacturer at all?—A. No, sir.

Q. You are paid your remuneration by commission on your sales and by the price you make?—A. I generally reckon on a profit. If we had a profit we figure on a commission.

Q. You know prices are to you what your prices are to the consumer?—A. We have, most all the time, standard prices on certain manufactures. Take, for instance, the International. They have standard prices with us and on that we know the basis of our price. If it is necessary for us to shade the price or go to a lower price, we would have to consult them.

Q. They being the largest manufacturers you have?—A. Yes.

Q. You do not find any other mill, I suppose, in selling them, competing with them?—A. No, we cannot find them; we are looking for them.

Q. At the time they were organized or incorporated, they controlled three-quarters of the output east of the Mississippi?—A. I think they must have at that time.

Q. But it has come down now, with new enterprise in the field, to possibly one-half of the whole of the United States?—A. Possibly, I think.

Q. How much would you say, what portion they control east of the Mississippi to-day?—A. There is not very much paper made west of the Mississippi.

Q. Is there not considerable on the Pacific slope?—A. There are only a few mills there; it does not cut much of a figure.

Q. That does not come into competition with your eastern mills at all; the freight would be practically prohibitive?—A. Yes.

Q. And here in New York, how far west do you go for your supply, do you go west of the Alleghanies at all?—A. No, it is practically all New England.

Q. Of what portion of supply, what portion is the International?—A. I think, at the time you are speaking of, it was 75 per cent or 80 per cent; to-day they do not control so much or so large a per cent.

Q. To-day about 65 per cent to 70 per cent?—A. I should think so.

Q. The latest quotation you gave us, I think, is in February of this year; you made a number of contracts, I think you said, for \$2.40 at thirty days' time. Then, there has been some falling off since that, has there not?—A. Yes, sir, I think there has.

Q. Down to what would it be in May of this year; could you see from your book?—A. I do not know as I could see from this book or not.

Q. Well, then, speak from memory, if you can be at all sure. Can you tell me about what your ruling figure was in May?—A. I should say it was about 2½c.

Q. What was the decline due to?—A. Competition, increased supply.

Q. As compared with the lessening demand, or was there any lessening demand?—A. New fellows coming in and selling paper, and trying to make place for themselves.

Q. Trying to crowd in and get a slice of the pie?—A. Yes, trying to get a piece.

Q. Was there any decreased demand during the last six months?—A. Yes, I think there had been a let-up in the demand very perceptible.

Q. Was there anything marked in that respect; had there been anything marked in that respect in the last two months?—A. In the decreased demand?

COUNSEL: Yes.—A. I think there has; yes, sir.

Q. That affected the price with you to quite a noticeable extent?—A. Well, this affected the prices somewhat.

Q. Compare the prices, say on the 1st of June with the 1st of May last, and tell me what difference there was with you?—A. The 1st of this last May?

COUNSEL: Yes.—A. I don't think there is much perceptible difference.

Q. Any perceptible difference between the 1st of May last and the present time?—A. This May of 1901 and the present time?

COUNSEL: Yes.—A. No perceptible difference; there is a weakness, but when it gets down to dollars and cents, or pounds, shillings and pence, as probably I should say, before a Royal Commission, that is a question.

Q. You could not put it in pounds, shillings and pence?—A. I could.

Q. There has been a weakness in the market, but no perceptible decline of price? Since when?—A. The price for the past year has been a heavy price, that is, it is gradually settling all the while, and while you may not be able to distinguish month by month you go back, there has been a reduction, a gradual falling off.

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Q. Would there be anything noticeable, say, within the last six months? Take the prices to-day and compare them with the prices of the middle of January, pound for pound, or ton for ton, is there anything marked?—A. I think there would be some difference.

Q. What difference would you put on it?—A. I would have to study that up a little bit.

Q. Cannot you give us that from the book? I should be glad if you could give us between the middle of January and the middle of July, what difference there is in price?—A. I should judge, between the 1st of January and the present time, there had been a decline of about 15 per cent on the price of paper; that is, the paper that would sell 2½c. would probably sell 2¼c. now, to the same parties making the contract.

Q. Under the same conditions?—A. Yes, the same people.

Q. Is that due at all to any diminished cost of production that you know of?—A. Well, there has been some diminished cost of production in the price of pulp.

Q. Has there been any reduction in the price of pulp?—A. I cannot tell you that.

Q. But you think there has been some less cost of production?—A. Yes, but I think the main cause of the decline has been supply and demand.

Q. Has been increased supply and decline in demand?—A. Yes, a perceptible increase in supply.

*Re-examined by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. When you speak of the percentage of output of the International Company, do you speak from any accurate knowledge, or simply from general knowledge of the business?—A. General knowledge of the business.

Q. It might vary 20 per cent?—A. I am giving you on that the ideas I had as to what they made, what they had been selling, and the product.

Q. But you did not speak from any accurate knowledge?—A. Not at all. I do not think any one, unless he has the inside track, has any accurate knowledge on that.

*Re-cross-examined by Mr. Aylesworth, K.C., representing Press Association :*

Q. Do you supply any daily papers?—A. Yes.

Q. You do supply, I suppose, allcomers, who are willing to make contracts?—A. We supply any fellow that will buy paper.

Q. As long as he has the money in his pocket?—A. Yes.

*By Mr. White, K.C. :*

Q. That is the experience of most of the manufacturers of paper?—A. Yes.

ARCHIBALD C. SCRIMGEOUR.

*Re-called and examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. Was it your own idea or was it at the suggestion of any manufacturer that you should convert Canada into the beautiful country that you did?—A. That was at the suggestion of our general manager, Mr. Fullarton, of the Manufacturers' Paper Company.

Q. And it was made without reference to any particular manufacturer suggesting it?—A. I do not think he had a talk with any one else regarding it.

Q. It would seem to be more in the interest of the manufacturer than the dealer, but perhaps you identified their interests?—A. I identified the interests all the way through in that.

JOHN H. DUFFY,

*Examined by Mr. White, K.C. representing the Paper Manufacturers' Association:*

Q. You are a member of the firm of Perkins, Goodwin and Company?—A. Yes, sir.

Q. Of which Mr. Squier is also a partner?—A. Yes.

Q. Have you been connected with the paper trade for some years?—A. About thirty years.

Q. During that time you have followed the prices, &c.?—A. Yes.

Q. Have you particularly to do with the sales or with the purchases, or what is your particular branch?—A. Both, I make all purchases.

Q. And you are familiar with the prices at which paper is being sold?—A. Yes, I buy all the paper we sell.

Q. Can you give us an average of the ruling price, market price of news print, what is known in Canada as No. 3 news, in rolls, carload lots, during the years 1899 and 1900, and 1901 up to date?—A. I am not quite certain as to what the price was in 1899, unless that is the year that it commenced to jump up.

Q. Well, I understand the price of paper, owing to the Cuban war and other conditions, rose about the end of 1898?—A. I heard it mentioned in 1898, and I thought that was a mistake. I understood it to be in 1899, the fall of 1899, not even the summer, but I should say book paper jumped, took a jump towards the summer, and I think news did not commence any advance until the fall, September, around there.

Q. Of 1899?—A. Yes, that is my recollection.

Q. Do you recollect what was the ruling price in the fall of 1899?—A. Well, it went up gradually it seems to me. I think that the price really did not get high until 1900, the spring, or late winter, say around in February or March, as I recall it.

Q. What would have been your news price fixed at, \$2.50 per 100 lbs., 3 per cent discount, 3 months?—A. We did not make discounts; we are a commission concern, practically commission concern. Of course I think that is probably a mistake. We are commission only in the one sense. We are not commission any more in news paper. Before the formation of the International Paper Company, we had some commission accounts; since that time, we have to buy as other people do, so that I would not say we are a commission concern, so that we have to buy our news.

Q. During 1900, what was the average price in the States, above or below \$2.50?—A. Well, we paid more than \$2.50. Our average was about \$2.50.

Q. As purchasers then you had to sell and make a profit afterwards?—A. We had to sell above that, of course.

Q. That was the price at which you bought from the mills that you speak of?—A. A. Yes.

Q. Were you purchasers on a large scale?—A. Well, we buy about, I should say, about \$2,500,000 worth per annum of news print.

Q. Can you give us some idea of the maximum market prices during 1900?—A. Yes, the maximum was \$3.20, say \$3.20 to \$3.25.

Q. Assuming that it had been possible to fix a minimum price amongst all the manufacturers in the United States in the year 1900, would you have considered \$2.50 per 100 pounds as an excessive price for a minimum, delivered, with 3 per cent 30 days?—A. For the whole year, taking the entire year, I should say that I should think that 2½ would have been low.

Q. When you speak of the price as being a net price without any discounts, do you give your customers any advantages in the way of returning waste, allowance for

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extra weights, advertising contracts, &c., to induce them to buy?—A. No, that has been abandoned absolutely, nobody asks for it any more.

Q. So that price you mention would be a net price on a cash basis?—A. No, not necessarily on a cash basis, but net. We have a trade that will not pay cash in 30 and 60, and some of them even in 90 days. They are good; they buy on three and some of them on four months. But when I say I, personally, never sell goods with a cash discount—as a rule, we cannot get it—I claim that being jobbers, we cannot afford to give a discount. We will make a price that will be equivalent, rather than have a cash discount appear, and that is not only my personal method, but it is my advice to our salesmen to offer no cash discounts.

Q. Now, during the present year of 1901 have the prices fallen again?—A. Materially.

Q. Was the rise in 1900 and the falling off of the price in 1901 attributable to natural conditions or to the effect of the combination of manufacturers?—A. Natural conditions, I should say.

Q. Do you know any minimum price fixed by manufacturers in the States, any association or mills here?—A. No, I have no personal knowledge of that. I have heard of a gentlemen's agreement, so-called, but that was done with a view to making people like ourselves pay a good price. I guess I heard it,—in fact, it was aimed at us more, in my judgment, than it was at the publisher.

Q. Was this depreciation in the price, did it occur prior to April of this year? Was there any marked change between January and April?—Yes, in the outside mills. By the outside I mean outside of International and Great Northern. These two concerns we buy most of our paper from, and they have tried to hold us up, but we were able to do a little better on the outside.

Q. So that there is to-day competition in the United States between manufacturers which governs prices?—A. Yes, sir, there is good, healthy competition in my judgment.

Q. And has been during 1900 also?—A. No, unfortunately outsiders were so full then of business, that it was not noticeable.

Q. Do you find that the price has affected your purchases? In orders to mills, for instance—if you could give an order sufficiently large to keep a machine going during the year on the same grade of paper rather than on small orders which involve the changing of machine?—A. Oh, well, that would result in a concession in price, but taking care of their machine for a year means a great many hundred tons. Of course, it depends a good deal on the machine. If they are up to date machines and large, you can get thirty tons a day out, but there are not many such orders floating around. But they hardly make any concession of difference in the matter of 500 or 1,000 tons. If it runs into thousands, of course it is different. But then those orders, of course we are not, unless we had special pull with the publisher, we are not permitted to figure on them.

Q. Is it sold direct by the large companies?—A. Yes, sell them probably quite as low as they would us; in some cases, I believe even lower.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. You found a noticeable advance in the prices that were charged to you in the fall months of 1900, I understand?—A. Yes, very late. I think quite as late as October or September, that is when we commenced to feel it.

Q. Was it marked?—A. Yes, very marked.

Q. About what percentage?—A. I should say about as much as—

Q. What had it been before the rise, and what had it been after?—A. Well, we were purchasing, say, at about \$1.75.

Q. Before?—A. Yes.

Q. And after?—A. After, late in the fall, probably as much as 2c.

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Q. When you had felt its full effect ?—A. No, the full effect, as I recall it, was not until the spring, early spring.

Q. What did you find then, the ruling price of sale to you ?—A. Then we were compelled to pay as much as \$2.65, I should say, and even higher.

Q. That is an increase of almost 50 per cent ?—A. Almost.

Q. Within six months ?—A. Yes, I should say within six months.

Q. Attributable to any increased cost of production ?—A. I don't think they used that argument. It was simply a question of paying whatever they asked, without their giving any excuse for it. You were in great luck if you got it at any price.

Q. The manufacturer simply put up the price to that extent ?—A. Without any excuse.

Q. Did you ever hear any increased cost of production assigned as a reason for that increase ?—A. I have.

Q. You have heard it ?—A. Yes.

Q. But in your judgment, apparently you attribute it rather to the increased demand and limited supply ?—A. Well, I have not any judgment on that subject. I am not a manufacturer and I could not say. They say the price of chemicals went up.

Q. That was the excuse ?—A. Yes, and I believe it was true. Chemicals increased 100 per cent and more, 150 per cent.

Q. Are you sufficiently acquainted with the manufacture to be able to tell me what figure, what proportion of the cost of manufacture, the cost of chemicals would be ?—A. I regret to say that I am not.

Q. You could not inform us ?—A. No, I am not familiar with the manufacture at all. I am more a salesman.

Q. You simply know the fact of the increase, but are not able to assign the cause ?—A. No.

Q. And it had reached its maximum by the spring of 1900 ?—A. The spring, early summer. I know, for instance, so that I could make it appear to you, I know that I sold New York dealers paper as high at \$2.75 and felt under obligations to gentlemen who sold me paper, and who made a price of about 10 cents a hundred less, which enabled me to make a profit of a couple of dollars a ton, which enabled me to make it, at that price.

Q. That would be in the spring and early summer ?—A. Yes.

Q. That, you say, was, of course, since the formation of the International ?—A. Yes.

Q. You felt a very marked difference, apparently, in your ability to secure paper after the formation, contemporaneously with the formation of the International ?—A. No, not until the fall of 1899 and in the spring of 1900.

Q. That was the first you felt ?—A. Yes, but that was more than a year, I believe, after the formation of the International.

Q. They were formed in 1898, we are told. You said—the reason I asked the question in that form—you said that since the formation of the International you had to buy like other people ?—A. Yes, so that you can understand that remark, I wish to explain. Prior to that we were agents and we controlled production. We controlled the entire product, for instance, of Webb's Paper Company, a mill making twenty-five tons a day on two machines, which was absorbed by the International, and we had quoters with other mills. By quoters, I mean mills making twenty tons a day. We had seven, eight, nine or ten days.

Q. What I understood is, the difference you felt in that respect when the International was formed ?—A. Well, the cheapest paper that we ever bought, we bought after the formation of the International Paper Company ; we bought it from the International.

Q. You said that prior to the formation of the International, you dealt largely on commission ?—A. Yes.

Q. After the formation of the International you were unable to do that ?—A. Because of the absorption of the mills.

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Q. And you had to buy just like other people?—A. We had to buy just as other people had.

Q. You felt a marked difference in that respect in the nature of your dealings with the manufacturers?—A. From the change of doing business on a commission of 5 per cent basis and getting what we could; sometimes we got 5 per cent and sometimes 3 per cent.

Q. Since the formation of the International, you bought, and sometimes sold at what advance you could secure?—A. Quite right.

Q. Then how cheap were you able to make any purchases from any source, buying direct from the manufacturer during the year 1900?—A. We were not able to buy from outside mills in 1900 much, if any. I mean very little; they all claimed to be full.

Q. Full of orders?—A. Yes, sir.

Q. And you found it difficult to purchase at all?—A. Yes.

Q. Were you dealing mostly with the International?—A. Yes. We had a reputation of being obligated in a measure to buy from the International.

Q. Well, what was the lowest price you were able to secure?—A. I think, if my memory serves me, the best we did in 1900, unless it was done very early, say, in January, I think the best we did was somewhere around \$2.60 net.

Q. Well, you gave me \$2.50 as the average. There must have been something below \$2.50?—A. Well, the average came in later.

Q. During 1900?—A. Yes.

Q. Let me know the lots you were able to buy during the year of 1900 that makes up this average of \$2.50?—A. The latter part of last year, we bought as low, I think, as \$2.25 or \$2.35.

Q. Nothing below \$2.25?—A. No, I think not.

Q. Did you buy any considerable quantity at \$2.25 during the year 1900?—A. We bought,—I will tell you what we did in 1900, now that you refresh me—we bought about 7,000 or 8,000 tons at,—I suppose there is no reason why I should not tell you just the price—I should say we bought 7,000 or 8,000 tons at \$2.15 f.o.b dock.

Q. Dock, New York?—A. Yes, and that we bought on the 13th day of December.

Q. That was the lowest price in the twelve months?—A. That was the lowest. That made the paper cost us, when we carted it and delivered, took care of the publisher as we had to do, I mean protect him by keeping a surplus on hand,—the International would not do anything but put it on the dock and they generally put it on a dock from which it had to be removed within twenty-four hours, which necessitated our paying insurances and other expenses, cartages—at \$2.15, and that we did, by giving very large orders, I should say 7,000 tons. Up to that we did not have anything at 25. I think we paid 40 or 50.

Q. Is there any reason you can give us for that drop to \$2.15 at the end of the year?—A. Conditions changed.

Q. From what reason?—A. The demand was not so great and they eased up quite a little. Of course, I cannot say just why, but these were contracts that were expiring with the year. We hoped to close them and we tried to close them in November.

Q. That is, with your own production, but I am speaking of the motives that moved the International to lower their price to you?—A. I would not be able to say what their motives were. I only know we tried to close these expiring contracts of ours. It is not usual to have a newspaper contract allowed to run up to its limits, and on the thirtieth day of December closed for the next year. That is business we have had for years, and the International and no one else can get it, but we tried to close it in October, and at that time they wanted a great deal more money. I said, 'we will wait and take our chances' and we did wait and it resulted in our making that price. What I was about to say is this: we don't buy goods that way usually, f.o.b. dock, because that is an awkward way to buy things. If the goods were consigned to the International, or to Brown, Jones or Robertson, they are there and they are theirs. Until then we bought goods delivered.

Q. Where were these seven or eight manufacturers?—A. Mostly in the east, mostly in Maine and New Hampshire.

Q. Delivered here?—A. Delivered f.o.b. dock.

Q. Then did you find a declining market, gradually from the spring of 1900 to that time?—A. In the spring of 1900 I found the advancing market.

Q. But from May or April, 1900, up to this time, at the end of December, had the price gradually declined, the price of the manufacturers to you, I mean, or was this drop that came at the end of the year all of a sudden?—A. Yes, it came rather sudden, for we were not able to buy, to purchase large quantities. In fact, we did not need them, so probably I had not better say, we did not find we could buy them, but took small quantities. Took 500 or 1,000 tons. We had to pay 2½c. as the lowest up to the time that I mentioned.

Q. Has the Great Northern supplied you with any paper?—A. Yes.

Q. When did they begin?—A. We started in with the Great Northern this year.

Q. In the year 1901?—A. Yes.

Q. Do you know when they began their actual output?—A. Yes, I think late in October or early in November last year.

Q. Very large producers?—A. Yes. They produce 300 tons, I should say, around there, a day. I notice that Mr. Scrimgeour gave it as 200, but I am familiar with the facts; I know the facts of the case. I have been to the mill and know what they are doing. I was there before the mills were started. They have eight machines at the plant and they turn out between 25 and 30 tons a day, but they have a Madison mill, they have been turning out 50 tons or more for years.

Q. And they have a large influence on the market price since they started?—A. They are so large that we are able to do business with them to the extent of a great many thousand tons this year.

Q. Did any other large mill start within the last twelve months?—A. No.

Q. Since the organization of the International, there have been a number of pretty large concerns that started, so we are told, that is, since January, 1898; there have been a number of large mills started in the United States, have there not?—A. I don't know of them.

Q. Don't you know of any besides the Great Northern?—A. That are producing paper, that are manufacturing, that are delivering, I know of none.

Q. Except the Great Northern?—A. Except the Great Northern.

Q. No western companies?—A. Well, we do not do any business with western people. The freight rate is against us.

Q. You cannot do anything practically outside of New York State and New England States?—A. No, the freight is anywhere from 2½ per cent to 3 per cent higher.

Q. What would be, in your judgment, the average output, daily output of the mills in the east, outside of the International?—A. Well, I have never bothered my head with that. If the inquiry was made and Mr. Spicer was not present, I would suggest that they send for him; he is the statistician, and he is the bureau of information.

Q. Give me an idea just, your own judgment?—A. I would if I could, but really I have not any idea of anything that would be reliable.

Q. Your judgment would not be reliable?—A. I don't want to tell you something that I am simply speculating on; I want to tell you what I know.

Q. The system, you say, of returning waste, allowing the consumer for his waste, has been altogether abandoned?—A. Yes, that is dead and buried.

Q. Since when?—A. I should say—well when we made contracts. I don't know, but what it was early in 1900, possibly late in 1899, we were told that we could not return any waste except at a figure—

Q. Possibly the end of 1899 was the cessation of that system?—A. I think that was about the time that that new method was sprung on the publishers.

Q. Is that the new rule?—A. Yes.

Q. That seemed to be a sort of consensus among manufacturers?—A. Oh, I suppose—yes, I should judge it was brought about by that; the other thing was abused.



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Q. Was that the result of what you spoke of, as a gentlemen's agreement?—A. No, the gentlemen's agreement was a different proposition altogether.

Q. Explain that to me?—A. The gentlemen's agreement, as I understood it, was that the mills thought it best to select their goods, to select their customers.

Q. And to leave out undesirable customers?—A. No, but to leave out the jobber.

Q. To do business with the manufacturer and get rid of the middleman?—A. I don't know, but I rather suspect that was it.

Q. When did you first hear of the existence of that, apart from the manufacturers, but as gentlemen together?—A. Oh, that is quite recently.

Q. About how long since?—A. I heard of that early in the year 1901, this year.

Q. Not before 1901?—A. Not before.

Q. You never heard of it before January last?—A. I did not hear of it before.

Q. And only heard it as a matter of rumour?—A. As a matter of rumour.

Q. And not able to give me any details about it?—A. No, I was not allowed to know anything about it.

Q. And, as you understood it, just an understanding among gentlemen, as to the prices at which they would deal for their commodity?—A. Yes, and in a measure eliminate the middleman.

Q. You could not give me any more accurate information about it, more than that you felt the effect of it in your business?—A. No, not being a party to it. We felt the effect very seriously for a while.

Q. And first began to notice that in the last six months?—A. I should say four or five months. Of course, it is within six months.

Q. You say there has been a noticeable decline in your prices during the present year?—A. Yes.

Q. When would that begin to be noticeable?—A. Well, I should say that you might go back—well, for instance, the thirtieth of December, when I told you we made a purchase, a very large purchase of above 6,000 tons at the price which I named.

Q. That was quite marked at that time?—A. Yes.

Q. Was that purchase from the International or the Great Northern?—A. International.

Q. Was this the first time you noticed the decline?—A. Yes, that was the first. At the same time, let me say to you, that we could not buy—that was a lump purchase, we could not buy a few hundred or even a thousand tons at that price at that time; that was a large purchase.

Q. And that decline has continued ever since, has it?—A. I don't know. I believe—well, we can not do much better than that to-day.

Q. But you have not had any rise since then?—A. No, there has been no rise.

Q. The general tendency has been towards a sluggish market, a downward market?—A. Yes, since that time.

Q. You are not able to assign any cause, from the manufacturers' standpoint, for that marked decline?—A. As I said before, not being a manufacturer, I could not assign you what I might consider an intelligent reason.

Q. Is your own mind not able to account for that?—A. Well, I would not want to take the responsibility of anything.

*Re-examined by Mr. White, K.C., representing the Manufacturers' Association :*

Q. That minimum price that you have reference to, does that apply to small purchases of 1,000 to 2,000 tons?—A. Several thousand.

Q. Could you have bought 1,000 to 2,000 tons at that price?—A. No.

Q. Would this agreement that you have reference to, be disadvantageous to the consumer, to the newspaper man?—A. No, on the contrary.

Q. It was an advantage?—A. It would be to a large consumer; it was to the disadvantage of the dealer.

Q. But it did not operate prejudicially to the consumer?—A. On the contrary. I want to say just a word in explanation of that price that I named, which is this, that we had to pay all the expenses of storage, insurance, labour, cartage, &c., which brought the price considerably above  $\frac{1}{2}$ c. after the goods were delivered to the publisher. I thought it best that you should recognize that, because while the price looks low it is not low, and when you pay all the expenses attending an f.o.b purchase.

*Re-cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. What would you say of a consumer who would use, say, one thousand tons a year; would he be in a position to get the advantage of lower prices?—A. A consumer cannot be too small to be recognized by the manufacturer to-day. If he used one ton a day they are just as hungry for him, to all appearances, as if he used twenty tons.

Q. Take a paper that uses 1,000 tons a year, would he be able to get the advantage of such a price as you mentioned, in your market?—A. The manufacturer would lie awake at night to get hold of him.

Q. Would a consumer of that size, in your judgment, be able to get the advantage of that low price that you mentioned from the manufacturer?—A. Certainly.

*Further questions by Mr. White, K.C.:*

Q. How about the consumer whose total consumption, both for news and job, is about 1,600 tons a year, would he buy paper in ream at anything like this price you have mentioned?—A. It depends from whom he tries to buy. If he went to the Great Northern, he could not buy at any price, because they don't make sheets. If he went to the International, they would charge him in the neighbourhood of  $2\frac{3}{4}$ , but there are a great many mills will not bother with sheets. That is a very small purchase, 1,600 tons a year.

Q. He could not buy on the same basis as you could buy?—A. I should hope not. I would have to be stricken out.

WILLIAM B. DILLON.

*Examined by Mr. White, K.C., representing the Paper Manufacturers' Association :*

Q. Mr. Dillon, you have been connected with the manufacture of paper for a number of years in the United States?—A. I have.

Q. How is the price to the consumer affected by the fact that he can give a large order that will keep a machine going year in and year out on the same grade of paper, as against a man who wants perhaps two or three thousand tons in a year?—A. Very materially lower.

Q. The total consumption of news print in Canada, where there are, as you know, a number of mills making it, is about 33,000 tons a year, including wall papers, which are classified as news print. How should prices compare as against orders which you get in the United States?—A. Well, what would be the largest order in Canada, for instance, what would be the consumption of the largest order?—

Q. About seven tons a day would be the largest run?—A. Well, that would be about 2,000 tons a year, and the difference in price between the consumer using 2,000 tons per annum and our largest consumers in this country would be very—well, it would be on an average—I will omit the word average—it would be from  $\frac{1}{4}$  to  $\frac{1}{2}$  cent a pound more to the point of delivery to the credit of the buyer.

Q. During the year 1900, certain manufacturers of paper in Canada, not including all the manufacturers, entered into an association and they fixed a minimum price, car-load lots, at \$2.50, 3 per cent discount, three months' credit, delivered to the consumer. From your knowledge of the cost of material and the cost of manufacture, would you consider that a fair price?—A. I should, yes, during that year.

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Q. How would it compare with similar conditions in the United States ; would the price here be above that or below ?—A. Taking into consideration the fact that your largest mill used about 2,000 tons, it would have been about on a par in 1900.

Q. Were you engaged in the manufacture of paper, and associated with the manufacture of paper at the time of the formation of the International Paper Company ?—A. I was.

Q. What was the condition of the paper trade in the United States at that time ?—A. It was in a very deplorable condition in the United States at that time. The prices were, on an average, below the cost of production.

Q. What was the inducement to the mills which entered into this company, to become parties to the new corporation, was it a regulation price, a regulation trade, due to the fact that they were losing money ?—A. Those were the predominant reasons for forming that company.

Q. You say that to-day you are associated with the Great Northern Paper Company ?—A. Yes.

Q. You are a large manufacturer of news print, I understood ?—A. We are manufacturing about 275 tons a day.

Q. You have heard the evidence of Mr. Squier and Mr. Duffy, as to the ruling prices during the years 1899, 1900 and 1901, do you agree with their statements generally ?—A. I only heard the latter portion of Mr. Duffy's testimony. The only thing I heard, 7,000 tons purchased at \$2.15—to be added to that were the expenses of carrying on the business, but as to Mr. Squier's testimony I believe his statements were correct.

Q. Was that price of \$2.15 an exceptionally low price ?—A. It was very low.

Q. What were the conditions which caused the increase in the price of paper during 1900, the conditions of 1899 ?—A. It was a combination in the increased cost of production and increased demand.

Q. Was there a marked increase in the cost of chemicals, &c?—A. There was a marked increase in the cost of chemicals, clothing machines, iron and steel used in repairing mills—in fact, almost every article entering into the maintenance of the mills and the articles used in manufacturing.

Q. Even assuming the difference of conditions and the much larger output of paper in the United States, if it had been possible to organize an association here which had included all the mills, would you have considered a minimum price of \$2.50 an excessive and undue price during 1900, for carload lots and over.?—A. Of course, it is a difficult matter to compare your orders and ours. As I stated a few moments ago, there was a difference of from  $\frac{1}{4}$  to  $\frac{1}{2}$  cent a pound, but if you ask me for  $2\frac{1}{2}$  cents for carload lots on the basis of the average order placed in this country, I should say it was not an undue price.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. Would it modify your answer if you were given a consumption of 4,000 tons per annum instead of 2,000 ?—A. That would slightly modify it, yes.

Q. That would lessen the price ?—A. Slightly, presuming the credit in both cases was good.

Q. The same conditions as otherwise ?—A. Yes.

Q. I am told that our possible largest consumer, the Montreal *Star*, takes about 4,000 tons per annum ; you would think that such consumer ought to be supplied during the year 1900 for substantially less than \$2.50 under conditions as they exist on your side of the line ?—A. I should say  $\frac{1}{8}$  cent a pound ought to cover that difference.

Q. Such a consumer ought to be able to get it at that much less ?—A. I should say during the very closing part of 1900, possibly December, 1900, but prior to that date, in the early part of 1900, I know paper in hundreds of tons was sold for \$2.70.

Q. That is a small consumer. Thousands of tons, how about that?—A. If he bought thousands of tons, he would pay more than \$2.70, because this party I am speaking of, they buy one thousand tons and more, but they pay more than \$2.70 for it.

Q. That was some consumer in the United States during the early part of 1900?—A. Yes.

Q. That was before your company, the Great Northern, came into operation?—A. That is before our company had appeared on the market; the product of their second mill, which is much the largest mill of the two.

Q. When did your company begin influencing the market?—A. They really began influencing the market in the early part of 1900, because they expected to put their product on the market in June that year.

Q. When did they begin to put it on?—A. In the end of October, but they took orders prior to that, and delivered it in some cases, in different lots.

Q. And you have been having a daily output of 275 tons?—A. They gradually worked up to it.

Q. And was the lowering of prices during 190 due to the fact, in your judgment, of your entering the field, or was it any lessening in the cost of raw material?—A. I think it was a combination of these circumstances.

Q. You, of course, I presume, manufacture your own sulphite?—A. Yes.

Q. Due to the operation of the laws of demand and supply?—A. Entirely.

Q. And has there been any diminution with you, or has there been an increase in the cost to the purchaser of sulphite?—A. Well, I consider there has been a diminution; we are getting less to-day and even getting less in 1901 than we were getting in 1900. There has been a diminution in the selling price of our sulphite since October, 1900.

Q. A marked diminution?—A. Well, yes, it has been.

Q. About what percentage?—A. Well, in the neighbourhood of—it has varied all the way from  $\frac{1}{8}$  to  $\frac{1}{4}$  c. a pound.

Q. Gradual fall?—A. Yes.

Q. Due to the operation of the laws of demand and supply?—A. Entirely.

Q. Has your company been parties to this understanding so solicitously characterized?—A. We have not been a party to anything; I did not hear Mr. Duffy's evidence.

Q. You mean your company has not been in any way a party to the understanding of other manufacturers, but you go on carrying on your business?—A. I do. We have always carried on our business, trying to get the best business suited to our style of machine.

Q. In operating under any understanding with fellow-producers as to prices or terms of dealing?—A. I don't exactly understand.

Q. I mean the understanding among gentlemen as to the figure at which you would sell?—A. You mean, our competitors, if we would consult with them as to how much we should ask, and as to whom we should sell to?

Q. I don't mean that, but has there not been any understanding with your fellow-producers, the International, &c., not to sell under figures that would realize a reasonable profit?—A. We have never gone out of our way to antagonize our competitors on orders that we knew were so well fitted for them that they would not allow us to undertake them anyhow.

Q. You have never undersold?—A. We have done so when it was necessary to get the business.

Q. But as to your general course of business, it has been rather to keep up than keep down the price?—A. We have not been accused of that, and really, coming into the market, as we did, with a very large production, somewhat suddenly, we have been compelled to disregard even friendships, in some instances, to take business from people that we would prefer not to, so that we are not in very good odour with our rival producers.

Q. You mean you have been accused, on the other part, of cutting prices?—A. Yes.

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Q. And the effect of your competition has been somewhat to reduce prices?—A. I think so.

Q. If you had not come into the field, prices would have been maintained at a higher figure?—A. That might cut some figure, and the law of demand might have governed prices. It might have been coincident with our coming in at the beginning of the Boer war, and that did not call for the demand we formerly had; it may be coincident.

Q. At any rate, since you have been producing you felt a rather diminished demand?—A. There has been a diminished demand since we began manufacturing heavily, but I would like to state that all the paper makers are familiar with the fact that beginning with the month of May in each year, except in the case of the Spanish war, there is a diminution in the demand for paper, and it is not looked upon by any of us as a lessening demand.

Q. You expect it to be higher from October to May than from May to October?—A. Absolutely, and I might state this, that in this country there are used some 60,000 tons of hanging paper that is never touched by the market until the early part of September, so that the mills who make it do all their manufacturing in the summer months, as they are obliged to do to maintain their average prices, but they don't ship it until the fall months.

Q. Do you find any falling off in the demand for news print?—A. Yes. In the news print there is a marked diminution between the months of May and October.

Q. When did you begin your output?—A. Our output—well, our first mill, known as the Madison mill, began its output in August, 1899.

Q. Then you were producing during the whole of 1900?—A. Yes.

Q. Did you find any noticeable difference in the cost of producing sulphite between the beginning of 1900 and the end?—A. Yes, there was an increased cost.

Q. The cost of producing?—A. Yes, there was an increased cost, and there was a diminution towards the end of 1900.

Q. Due to what?—A. Due to the decreased cost of raw material.

Q. What raw material?—A. Sulphur, I might say. I am only familiar in a general way with the cost of production. I could not specify certain articles and state whether they cost more or less, but I know they cost less towards the end of 1900.

Q. Does the cost of sulphite, the cost to make a ton of paper, bear any sensible proportion to the total cost of manufacturing that quantity?—A. Oh, it would bear a proportion, but not a large proportion. You are speaking as to the cost of manufacturing paper?

Q. Yes. What proportion of the cost of making paper would be attributable to the cost of manufacturing sulphur?—A. I don't know. I would not consider it an important item, but I might add, that all the clothing of the sulphite mill, every other article that enters into it, almost every one increased in cost during that period.

Q. I do not know whether I should address you as a practical manufacturer?—A. Well, you ought not, because I am not.

Q. You are not acquainted with the process?—A. No.

Q. Are you able to give me any other ingredients which enter into the cost of manufacturing, that increased in price?—A. Yes, spruce wood.

Q. That increased between January and December of 1900?—A. Yes.

Q. Could you put a figure on it, any per cent?—A. No, I could not. Of course, as I say, I am not a practical paper-maker, and I only know our company spent more money that year per cord than they did previously.

Q. And you cannot tell me to what it is attributable?—A. No, I cannot.

F. W. SPICER.

*Examined by Mr. White, K.C., representing the Paper Manufacturers' Association:*

Q. You are connected with the International Paper Company?—A. Yes.

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Q. What position do you occupy there?—A. I almost forget the technical definition—manager of the Export News Division.

Q. Are you familiar with the price at which news print was sold during the years 1899, 1900 and 1901?—A. In a general way.

Q. You have been some years connected with the paper manufacturing business?—A. I have been for several years connected with the paper industry.

Q. Were you connected with the paper industry before the formation of the International?—A. I was.

Q. Can you state, in a general way, what was the condition of the paper trade in the United States before the formation of that company?—A. General condition of over-production.

Q. And the price has been affected by the over-production and competition amongst individual mills?—A. Naturally. That is the usual result of over-production.

Q. Can you tell us what proportion of the production of news print in the United States comes from your company?—A. Not definitely.

Q. Approximately?—A. Well, I read it in our trade papers as being in the neighbourhood of 50 to 60 per cent.

Q. As a matter of fact, are there enough mills outside of the International to create a healthy competition in the trade?—A. I should say there are quite enough to create competition.

Q. There are a number of mills outside of the International and Great Northern?—A. There are.

Q. During the years 1899 and 1900, was there any association or agreement amongst the manufacturers of news print in the United States to control the price?—A. Not that I am aware of.

Q. If there had been such an agreement, you would have known of it, would you not?—A. Altogether likely.

Q. You have heard the evidence which has been given to-day as to the prices which prevailed during this year, do you concur in what has been said?—A. In a general way, yes.

Q. Would you consider a minimum price during the year 1900 of \$2.50 in carload lots, with 3 per cent discount, as being a fair and reasonable average price?—A. I should say it was. I should say it was below the average of business offered during the year.

Q. During that time, were you doing business in Canada, your company doing any business in Canada?—A. We took some orders in Canada.

Q. Would you mind stating at what price these orders were taken?—A. At better than 2½ cents net, f.o.b. the mill.

Q. Can you give us any actual contract or sale that was made?—A. I could give you the names of the purchasers, and the dates of the sales, but I think the other answer covers the ground sufficiently.

Q. Did you get as high as \$2.80 f.o.b. vessel, Boston, net 30 days?—A. Well, as I say we get better than 2½ cents f.o.b. mill.

Q. Do you know a company called the Laurentide Pulp Company, operating in Canada?—A. Oh, yes.

Q. Will you take communication of a letter dated New York, November, 1900, and produced in this inquiry as Exhibit P—39 and state whether that signature is yours?—A. The letter is dictated by me; the signature is simply a rubber stamp signature.

Q. But you are the Mr. Spicer who signed that communication?—A. Yes.

Q. Will you explain any of the circumstances under which that letter was written?—A. The gentleman named in the early part of this letter said to me that he had a friend in Montreal who was desirous of purchasing some paper and asked me would I communicate with him. Prior to writing the letter, the Eddy fire had taken place in Ottawa, and an offer had been made, —at least, I understand an offer had been made by the Laurentide people to secure some part of the business formerly held by Eddy, and informally, in talking about their success in securing this business, they named various

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publishers with whom they had made arrangements, and after my conversation with Mr. Ridder, on looking over the list, I found the gentleman of whom he spoke was in the list, which is the reason for the communication being of the nature that it is.

Q. Had you any understanding with the Laurentide people to refer all Canadian inquiries to them?—A. We had not, that is, to my knowledge.

Q. Then, this letter, P—39, was not the result of any such agreement or understanding that I refer to?—A. Not at all.

Q. Simply arose from your having a knowledge that Mr. Tarte had contracted with the Laurentide before asking you for quotations?—A. Yes, sir, I was informed that they had.

Q. Are the prices which prevail in the United States the result of the ordinary trade conditions?—A. They are.

Q. Competition, or is it the result of an agreement amongst the manufacturers?—A. Trade conditions.

Q. You had some correspondence, or your firm had, some correspondence, with the firm of Jenkins and Hardy, of Toronto, who were acting as secretary of the Paper Makers' Association of Canada?—A. We did.

Q. In connection with the export business?—A. Yes.

Q. What was the result of that correspondence?—A. Nothing ever came of it.

Q. Was any arrangement ever made between your company and the Paper Makers' Association of Canada?—A. None whatever.

Q. Did you ever go beyond the tentative correspondence, ever hold a meeting to discuss prices?—A. Nothing of the kind.

Q. Then your company, the International, is untrammelled to-day by any restrictions, either of the Paper Makers' Association of Canada or with the independent mills in the United States?—A. Not that I am aware of.

Q. You are not aware of any such arrangement?—A. Not aware of any such arrangement.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. Your company was incorporated in January, 1898?—A. You gave the date, which I assume is correct.

Q. It is correct, is it not, January, 1898?—A. I think it is.

Q. Absorbed—that is the proper word—some fifty odd mills?—A. I could not give you exact information in regard to that without referring to the record.

Q. Could you not talk approximately?—A. Oh, I think we call it about thirty-one.

Q. When you started, when you incorporated?—A. At the present time.

Q. Well, have nearly an equal number, or something approaching that number gone out of operation? My information is, that when you began operations you took into the company, or took over, some thirty odd mills, that had previously been in operation, is not that right?—A. Less than thirty; rather than more than thirty, I would say.

Q. Some new mills have since been taken in, have they not, some additional mills?—A. Yes, since the date of the original—that is, since the original date of the formation of the company.

Q. Amounting altogether to fifty-four, I am told?—A. I think about thirty-one at the present time.

Q. That may be, but were there not fifty-four all told, since you have begun, that have been either absorbed by your company or gone out of business in some shape?—A. If you were to ask me the number of mills that have gone out of business since the organization of the International—

Q. I mean, gone out of business as a consequence of their coming under your management or control?—A. Not that I am aware of.

Q. Whereabouts were those mills situated, however many of them there were?—A. Maine, New Hampshire, New England States, and New York.

Q. That would cover it?—A. Yes.

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Q. And at the time your company was incorporated, January, 1898, what proportion of the total output of paper for those States came into your incorporation?—A. I do not recall ever seeing a statement made as to the proportion of the output of the States being included in the International.

Q. Would you say that there was 10 per cent of the total output of those States, New England, and New York, which was not at the time you were incorporated taken into your organization?—A. Well, I would not say any per cent, since I don't know, never having looked the matter up with a view of knowing.

Q. But I want to get an idea whether it was not practically a fusion of all the manufacturers of paper in the New England States and New York State, news print?—A. It included a large proportion of the mills.

Q. Did it not include 90 per cent of the total output?—A. I don't know that it did.

Q. You would not contradict that statement?—A. I would not say that it did or did not, simply because I never looked it up with a view to know it.

Q. You would neither affirm nor deny?—A. No.

Q. Since that time has there been any substantial increase in the output of those States, outside of your company?—A. Yes.

Q. What companies?—A. The Great Northern.

Q. Any other?—A. Not of any consequence.

Q. So that at the present time the International and the Great Northern practically control the output in New York State and New England States, do they not?—A. They control a large percentage of it.

Q. Ninety per cent?—A. I would not say that, because I don't know.

Q. You said to Mr. White, probably 60 per cent, your own company?—A. I said that I had seen it stated that we produced 60 per cent of the total output of the United States.

Q. Of the whole of the United States?—A. Yes. Now, if you segregate New England and New York States, you would divorce me from facts that I would be able to answer.

Q. Of course, it would be a large proportion of the output of those States if they were segregated?—A. Yes.

Q. The Great Northern have—I don't remember if Mr. Dillon stated how many mills there were producing at the present time?—A. Two, what he characterized, two different mills in Maine.

Q. Both situated in Maine?—A. Both.

Q. Then you spoke of orders that you had taken in Canada during 1900?—A. Yes.

Q. Some better than 2½c. f.o.b. mills?—A. Yes.

Q. And did you take any at lower figures?—A. None less than 2½c. f.o.b. mills, during 1900.

Q. You have since that, I think, have you not?—A. We have taken business during the present year at less.

Q. How low?—A. Two cents.

Q. Is that the lowest?—A. That is the lowest f.o.b. mills.

Q. That is, you made sales for consumption in Canada during 1901 at 2c. delivered at your mills?—A. F.o.b. cars at the mills.

Q. You did not sell at a loss?—A. Well, you see, we would not—

Q. I am asking that as a question in the most insinuating form; you would not do anything like that unless you had some special reason?—A. What we might do under special conditions, it is impossible for me to answer in advance.

Q. Well, put it this way. When you sold at 2c. a pound or \$2.00 a 100 pounds, did you make a loss?—A. Well, in making a sale, I assume that I do not—although I do not personally know that that was true.

Q. Well, you had some idea of what it had cost you to produce and you thought, I presume, that you were making a fair living profit when you went into that contract?



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—A. The price made was due entirely to the market conditions that the paper trade could get, with a view to the cost of the paper to manufacture.

Q. You would not have sold at one cent a pound, would you?—A. I never offered paper to anyone at one cent a pound.

Q. But you were quite willing to sell at 2c. f.o.b. mills as many Canadians as came along with their orders?—A. I was quite willing to sell this particular customer at 2c. at the mill.

Q. Was there only one?—A. There was only one.

Q. He was not a large consumer?—A. I did not ask him his consumption, or do not know it now.

Q. And the amount you sold him was how much?—A. Relatively small amount.

Q. As much as a carload?—A. I don't recollect exactly what the amount was.

Q. It was not more than a carload, was it?—A. I should say not.

Q. Were there any special circumstances pertaining to that customer whereby you wished to favour him?—A. It was simply in hopes that by making him a low price, I might secure his business for the future.

Q. It was the first transaction you had with him?—A. Yes.

Q. And you are quite content to continue supplying him at that price as much as he wanted?—A. He has not afforded me an opportunity yet.

Q. I was not asking you as to the event, but as to your own willingness to supply him; would you be quite willing to supply him under these conditions?—A. Yes.

Q. That was about what month?—A. I could not tell you without referring to the record.

Q. Within the last six months anyway?—A. Yes, within the last six months.

Q. Did the question of quality cut any figure in the quotations or in the transaction?—A. None whatever. As a matter of fact, a concession was made on my part with reference to the matter of quantity, due to the hope that it might lead to business of larger volume.

Q. You were casting bread on the water. About what quality was the paper as compared with your United States consumption?—A. Our standard grade of paper.

Q. It was your standard grade?—A. Yes.

Q. That would be somewhat superior to the grade that I showed one witness this morning, I presume? Look at this copy of the *Toronto Globe* of yesterday and tell me how that grade that you sell for 2c. compared with that?—A. Well, it was a different paper.

Q. Superior in value or inferior?—A. That would depend entirely upon the attitude of the purchaser.

Q. I am speaking from a papermaker's standpoint, how would the quality you sold for 2c. compare with the quality of the paper you are looking at?—A. Based upon its cost of manufacture, no better than this.

Q. How about its selling price in the market?—A. That depends entirely upon the peculiarities of the purchaser. Let me make this plain to you. We have some customers who insist on having a very rough finished paper; we have some others who insist on having a very high finished paper. It is purely a question of calendering in the mill, which does not involve this cost of manufacturing at all. It is simply to meet the taste of the consumer.

Q. What I want to get at is: Compare the quality of the grade of the paper that you sell for 2c. this present year in Canada, with the paper you are looking at, the *Evening Toronto Globe* yesterday. You say, so far as the cost to the producer is concerned, it is equal?—A. I have nothing to do with the manufacturing department, but in a general way the cost of manufacturing paper depends largely upon the percentages of sulphite and ground wood which enter into its manufacture. I would determine this by testing its strength rather than the question of surface and the question of colour.

Q. Well, judging it by those tests that you apply, I ask you how the paper that you sell for 2c. would compare with the value of the paper before you, in the edition of yesterday's *Toronto Globe*?—A. I have customers who would pay more for this paper than they would the paper I supply. I have customers who would pay less for this paper than the paper I supply.

Q. Looking at it from a manufacturer's standpoint, is there any difference in the cost of production?—A. Practically nothing.

Q. In your market, that is, in the United States market, with the taste of your newspaper publishers here, how would the grade compare?—A. I should say it is approximately a standard grade of paper.

Q. That is, the paper you are looking at?—A. Yes.

Q. That quality of paper, costing that much to you to produce, you could sell at present prices and during the year 1901, afford to sell at 2c. a pound?—A. F.o.b. mill net, without any deductions or reclamation of any kind.

Q. Did the width of the sheet cut any figure with you in taking the order?—A. Not in my effort to get an opening with a customer.

Q. Does it, in making the price, cut any figure?—A. It would ultimately on the execution of the contract.

Q. How? Depending on the size of your machine?—A. Yes.

Q. And you would give, of course, a carload price for a large order?—A. Governed entirely by the circumstances, and if you permit me I want to say: That we have customers who would not even be satisfied with this paper because it is not rough enough.

Q. They would want a different quality?—A. No, the same quality but a different finish.

Q. Take the circumstances as they existed when you began this sale, that I have been asking you about, at 2c. At what figure could you have afforded to enter into a contract with a consumer if he had given you an order of ten tons a day for a year; what figure could you have afforded to give him on it, and still make a living profit?—A. I would not answer you a question of that kind. That is a subject a good many people are interested in, to know what we can afford to make paper for, and I would suggest that the best means of obtaining that information is to become a paper manufacturer.

Q. But in Canada we should have to put up a \$500 deposit?—A. Well, if by making the deposit it would afford you the information, you would not hesitate for a minute.

Q. Seriously, is that a question you prefer not to answer?—A. I don't think it is a fair one.

Q. I don't want to pry into your business secrets at all, but you can tell me this at all events. Under the conditions I put to you, assuming that I go to you with that very consumer with the proposition such as I mentioned, to take 10 tons a day for a year, could you have afforded to reduce the price materially below 2c. a pound?—A. I do not think it is possible to answer the question without having the firm offer in hand.

Q. You would not like to answer the question upon any other basis, you would like to see the offer in writing?—A. No, sir; we might want more.

Q. Well, I would like to press the question to this extent; if you say you decline to answer, that ends it.—A. That is, as to what we could afford to take an order at. I don't regard that as a proper question for an answer.

Q. Put it in the way I said, will you answer me or will you say that you decline; it is entirely at your option?—A. I want to treat you fairly in regard to that; state it over again.

Q. I think it is my legal right in cross-examining. I shall not press you any further if you decline to state; that is the end of it.

WITNESS.—As to what price we could afford to make it at?

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Q. Yes, such a contract as I named to you ?—A. I think it would be impossible for me to give you an answer based upon assuming conditions that don't exist.

Q. If I go to you with an offer of ten tons a day, for a year's consumption, of the quality of paper that you sell to the Canadian consumer during the present year for 2c. a pound, to take from you ten tons a day, could you afford to let me have it at \$1.90 a hundred ?—A. There is no evidence that there is any such consumer of paper in Canada.

Q. You reserve that answer ?—A. I would certainly decline to make a reply based upon the question as to what we could afford to do.

Q. In other words, you would not tell me if I asked you what it costs to make 100 pounds of paper ?—A. Most certainly not.

Q. And you do not want to answer any other questions that would involve giving that information to the public ?—A. I would be incompetent in the first place, because I do not know what it costs us to make paper.

Q. But as business manager of your company you would be the man who would control the prices at which your manufacture is sold ?—A. I have only to do with the making of the prices of paper for export.

Q. And in that department of your business you are supreme ?—A. Governed by market conditions.

Q. It rests in your hands to decide this ?—A. My decision is based upon what I regard the market.

Q. I don't ask you that. Of course your decision will be in the interest of your company, but I am asking you whether there is anyone of authority in your company can cancel your quotation, or what you would say would be decisive ?—A. I am not the autocrat of the selling price of the International.

Q. That is hardly an answer. If you made an arrangement with a purchaser, or with a man who offered to purchase in Canada, would your quotation be over-ruled by any person superior in authority, or would your decision be final ?—A. It might be overruled, although I don't think it would.

Q. Well, then, you, occupying that position, have the right practically to control the figure at which you would sell. I ask whether you would take any order, on the conditions, of course, of 10 tons a day consumption, for a year, would you reject an offer of \$1.90 a hundred, the same grade of paper which you see before you ?—A. I could not say that I would or that I would not.

Q. You would have to leave it to be determined by the occasion when it arose ?—A. Yes, sir.

Q. Supposing I made it \$1.80, you say at once you would reject it?—A. No, I would make you the same reply that I did before.

Q. Supposing I made you an offer, when would it reach a figure at which you would say 'I would reject' ?—A. I would not reply to you at any figure you make.

Q. It would be idle for me to go on ?—A. It would depend on circumstances on each occasion.

Q. Of course you would not tell me when I would reach a figure that under no circumstances would you listen to it ?—A. No, sir.

Q. In this letter of yours, Mr. Spicer, P—39, you say you have a note from Mr. Ridder, of New York, asking you to quote Mr. Tarte direct your price for 34 inch rolls ?—A. Yes.

Q. That, of course, was a truthful statement ? Mr. Ridder had simply asked you to do that ?—A. Yes.

Q. Then you add that you had receipt of a communication from the Laurentide that they had arranged to furnish ?—A. Yes.

Q. That also was truthful ?—A. Yes.

Q. That was a communication by post ?—A. My impression was that that was both covered by the former communication, a verbal one as well.

Q. Interview ?—A. Yes.

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Q. Some representatives of the Laurentide people here in New York ?—A. I think they came here.

Q. Shortly after Mr. Ridder's inquiry ?—A. Yes.

Q. In consequence of it do you mean ?—A. No connection with it ; purely accidental.

Q. Had there been a personal acquaintance beforehand with their representative who was here, or was it merely a business interview between you and him ?—A. We were their selling agents for Great Britain.

Q. You were the selling agents of the Laurentide Company for Great Britain ?—A. Only.

Q. And had in that way business relations with them ?—A. Yes.

Q. Then was it accidental so far as this inquiry of Mr. Tarte was concerned that the interview took place ?—A. Entirely.

Q. No connection with Mr. Tarte's inquiry ?—A. None whatever.

Q. By coincidence some representative of the Laurentide Company was present about that time, is that it ?—A. The Montreal inquiry had no significance at the time, that is, at the interview.

Q. I understand you, I think, perfectly. If I understand you right, contemporaneously, approximately with the inquiry from Mr. Ridder, occurred the business interview between yourself and the representative of the Laurentide Company ?—A. Which were of frequent occurrence.

Q. Without any reference to the inquiry ?—A. None whatever.

Q. And either he or you mentioned the fact of the inquiry ?—A. No, that was not discussed, because the inquiry had not taken place at that time.

Q. But you say in your note to Mr. Tarte of the 11th May, 1900, that you are in receipt of a communication from the Laurentide, saying that company had arranged to furnish Mr. Tarte with his requirements ?—A. Yes.

Q. And that, you now tell me, was information you had secured both by post and by an interview ?—A. Yes.

Q. Then, I ask you how the subject came up between yourself and the representative of the Laurentide ?—A. Just simply discussing the conditions in Canada, following directly the Eddy fire, and simply telling me in a general way the various orders they had secured.

Q. In that way he happened to mention Mr. Tarte's paper, or the name of his paper ?—A. I found that in the list.

Q. He left you the list of his customers ?—A. I took the list of the orders he had secured.

Q. What object was there in that, merely friendly interest ?—A. Nothing further.

Q. You took from him a list of the Canadian orders he secured ; you noted them down as he stated ?—A. Yes, I noted them down.

Q. And when this inquiry came a few days later from Mr. Ridder you noticed *La Patrie* was among them ?—A. Yes.

Q. So you thought, as a matter of gentlemen's understanding, you would not encroach on their territory ?—A. That letter was calculated to elicit from Mr. Tarte the information as to whether his order had been placed or not.

Q. That was your intention in writing ?—A. Yes.

Q. And if his order had not been placed with the Laurentide you would have felt free to deal with him ?—A. Very glad to.

Q. But you would not encroach on their reserves ?—A. No, but the order having been already placed it would be idle for me to attempt a quotation.

Q. So your idea was—your design was in writing this letter, to ascertain from Mr. Tarte whether it was a fact that he had entered into a contract with the Laurentide ?—A. Decidedly.

Q. You would not have felt disposed to underbid them, would you, having the relations with them which you have described ?—A. I did not get any reply to this letter at all.

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Q. It was not at all what I asked you ?—A. I should have been perfectly willing and glad to have made a price ; whether I would be below or above results would develop.

Q. And would I be right in assuming that you felt free to underbid the Laurentide Company ?—A. I would have been entirely free to have made them a price.

Q. Whether it would have been under or below would have depended on your own judgment?—A. Entirely. I would have been entirely willing to make them a price.

Q. Knowing it would be useless to make them a higher one ?—A. I had no information as to the price obtained by the Laurentide, and the knowledge that I had of the orders that they took was purely unofficial, informal, entirely so.

Q. Just arising in the way you mentioned ?—A. Yes, and did not involve the question of price in any particular.

Q. You were not told by the Laurentide representative at what price ?—A. No.

Q. And did not know in fact ?—A. Did not know, as a matter of fact, did not know.

Q. But were open to have entered into a transaction if, in reply to this letter, Mr. Tarte has informed you of the price, and you had found it was one at which you could afford to undersell ?—A. Yes, had he named a price at which he could have made a purchase, and was open to buy, and I had felt that it was good business to have made him a lower one, I should have been quite willing to have done so.

Q. Taking into consideration what elements which would go to show in your line, what was good business ?—A. Well, the best reply to that is that I did take some good contracts in Canada at that time.

Q. Not in competition with the Laurentide Company ?—A. I was unaware at the time, and am unaware even to-day as to whether I was in competition with them or not.

Q. You took no concern in it ?—A. No, sir.

Q. Were those some of the contracts that you have mentioned, that you have alluded to, that were netting you more than  $2\frac{1}{2}$  cents ?—A. Yes.

Q. Just in that connection, tell me how much more than  $2\frac{1}{2}$  cents ; how high would you put it, would you say ?—A. Well, simply repeat my reply, that it was above  $2\frac{1}{2}$  cents.

Q. You could not tell me how much above ?—A. No, it is not necessary.

Q. Were there any below  $2\frac{1}{2}$  cents, except the one I have alluded to ?—A. There were none below  $2\frac{1}{2}$  cents during the year 1900.

Q. About what size lots would these be, Mr. Spicer ?—A. The largest one, I think, was for five carloads.

Q. And the smallest ?—A. The smallest, I think, was two carloads.

Q. What months of 1900 would this be in ?—A. Oh, I will be obliged to refer to my memorandum as to the months, May, July, September and October.

Q. In your business, you discriminate between a customer who would use, say a ton a day, and a customer taking larger orders ?—A. It depends on circumstances connected with the business.

Q. Each individual case governs ?—A. Yes.

Q. Would this be right, Mr. Spicer, that a man who might consume only a ton a day could, under any circumstances, get as good prices as the man who would consume ten tons a day ?—A. Under certain circumstances, yes. In trying to develop an export business, we are sometimes obliged to ignore the question of tonnage in making prices for a sale purpose, or making development business, but the consideration is not based upon tonnage, but upon other things.

Q. Would like consideration obtain with regard to the home market in the States ?—A. No, I don't think the same considerations would apply.

Q. In what respect would they differ ?—A. In that the conditions are fixed here. The consumption is all served by production here, and it is not in the nature of working up new business, as it is in connection with the export, so the same considerations don't apply.

## EVIDENCE TAKEN AT MONTREAL, JULY 30TH, 1901.

WALTER S. MARSAN.

*Examined by Mr. Aylesworth, K.C., in rebuttal, representing the Press Association :*

Q. You were asked to produce an agreement or contract under which the *Star* newspaper is now receiving its supply of news print paper. Did you bring it with you?  
A. No, sir.

Q. Why not?—A. Well, I am not the custodian of this document. In Mr. Graham's absence I was not able to possess myself of it for the purpose. Mr. Graham was absent from the city yesterday.

Q. Have you not been able to see Mr. Graham this morning?—A. I saw him, but only at a distance.

Q. Not to speak with him?—A. No, sir.

Q. Do you mean that you were not able to produce the document to the court?—A. Not in Mr. Graham's absence. If I wanted the document, I would have to go to Mr. Graham to get it.

Q. Do you mean it is in his custody personally?—A. I would have to go to him to get it.

Q. If I understand you right, you mean you don't like to take the responsibility of bringing it without consulting him?—A. I would not take the responsibility of producing the document without Mr. Graham knowing it.

Q. There is no physical difficulty in the way of your getting access to it?—A. I presume I am able to get at it.

Q. Can you produce it in half an hour or in quarter of an hour?—A. If I was asked to produce it. I could not get it yesterday, because he was not in the city.

Q. Could you, in half an hour, say, bring the document to the court, if Mr. Graham consents?—A. Yes.

*By the Commissioner :*

Q. Can you state from memory the price at which you are being furnished with paper, news print?—A. No, sir, I cannot state it.

*By Mr. Aylesworth, K.C. :*

Q. The *Star* is being supplied by the Canada Paper Company?—A. I believe so, yes.

Q. And has been for some two years past?—A. I am not quite sure about it.

JAMES HARDY.

*Examined by Mr. White, K.C., representing the Paper Makers' Association :*

Q. You have been already sworn in this examination?—A. Yes.

Q. You are the secretary and custodian of all the books and have a knowledge of the financial matters of the Paper Makers' Association?—A. Yes.

Q. What is the position of the Laurentide Pulp Company; have they ever contributed towards the funds of the association?—A. No.

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Q. Are they recognized as members of the association?—A. Never recognized them; never asked them to pay anything towards the running expenses of the association.

Q. Are you aware they are large manufacturers of news print?—A. Yes.

Q. Amongst the largest, are they not?—A. I understand so.

HUGH GRAHAM.

*Examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. You are proprietor of the *Star* newspaper of this city?—A. Yes.

Q. And at present you are getting your supply of news print from what source?—A. Getting it from the Canada Paper Company.

Q. How long has that company been supplying you?—A. Off and on for the last thirty odd years.

Q. Is the supply that you are getting being made under any definite contract?—A. Yes.

Q. Is that contract in writing?—A. Yes.

Q. Would you have any objection to our seeing it?—A. Yes.

Mr. AYLESWORTH.—I want to ask, with regard to those terms, my Lord, to ask that Mr. Graham produce them to your Lordship, so that it would not be made public beyond this commission.

Mr. WHITE, K.C.—Possibly there are some matters in the contract Mr. Graham does not care to divulge, and I think what my learned friend wants, is the price.

WITNESS.—I am quite willing to give any information pertinent to the inquiry, but these contracts are, in their very nature, private. In fact, it is one of the conditions, that they have, and have been for the last twenty-five years, regarded as private contracts. I could not very well reveal that.

The COMMISSIONER.—The court would not force you to exhibit the contracts, but to inform the counsel as to the contents.

*By Mr. Aylesworth, K.C. :*

Q. Will you tell me, then, when the contract was entered into?—A. In the end of April or the beginning of May, 1899.

Q. And is still current, still exists?—A. Yes.

Q. You take a very large supply, I suppose, larger than any other paper in the Dominion?—A. I may say so.

Q. Then, I wish to ask at what price per 100 pounds you are being supplied?—A. Well, I don't feel at liberty to reveal that. Perhaps I should explain. This contract was made the end of April or the beginning of May, 1899, before the rise in the price of labour and the price of chemicals, for all kinds of supplies used by paper makers, and at the time the contract was made there was considerable competition, because our contract is a large contract; the consumption is about twelve tons a day, regarded as a desirable contract—a good deal of competition for it, and in the contract it is not specifically stated, under the contract and under the condition of it. It is the nature of a private affair. I have no objection to telling you that it is at a lower rate than the prevailing rates of the present day.

Mr. AYLESWORTH, K.C.—The importance of it, my Lord, in my view, is that so large a contract, would, I intend to argue, not be entered into by a manufacturer at a loss, and we have been unable to secure any direct evidence from any manufacturer

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of the actual cost of manufacturing 100 pounds of paper, I wish to argue that it is at least lower than the amount of this contract. That is the importance of it to me. I therefore press the question. Mr. Graham should tell us the figure at which he is being supplied per 100 pounds.

Mr. WHITE, K.C.—I submit, that as regards the cost of manufacture, we have all the details that have been produced by Mr. Barber in his evidence. He has given us the cost of labour and raw material, and what his price was, &c., so that I submit the conditions under which different manufacturers are producing paper, being so various, it is hardly necessary.

Mr. AYLESWORTH, K.C.—It is very important. At least, I think so. Let me point out that it has been a matter which has been before my learned friends on the other side from the outset, in regard to which they were perfectly aware, and which we intended to make an effort to ascertain what the exact fact was.

I find in Mr. Hardy's examination, taken in Toronto on the fifth June last, that he was asked if he had knowledge of this particular contract. He says he has been told there was such a contract, but does not know whether the figure is under \$2.00 or not.

Then Mr. MacFarlane evidently, I submit, with that testimony before him, referred to this contract in his depositions to Mr. White; speaking of it without mentioning Mr. Graham's name, it is true, but speaking of it as one particular contract which his company had entered into at less than \$2.00 for various reasons, which he referred to, much the same reasons as those Mr. Graham has given. Now, it is important, I think, that we should know the exact figure.

The COMMISSIONER.—Did that witness give an insight into the prices?

Mr. AYLESWORTH, K.C.—No, my Lord, except that it was below \$2.00, but to be exact at all, he has not told us.

The COMMISSIONER.—Would not that suffice you for the purpose of your argument?

Mr. AYLESWORTH, K.C.—Supposing I prove it to be below \$1.75 it would suffice me much better. I have no doubt Mr. Graham would say it is not below \$1.75, but I have instructions as to the exact figure, but I ask your lordship's permission to ask Mr. Graham to tell me whether it is that very figure which I mention to him, because it is of such vital importance to this inquiry.

The COMMISSIONER.—I think, Mr. Graham, it is very important for the purposes of this inquiry, to have an answer to the question, if you can possibly give it. It seems to me in the public interest, and the particular purpose of this inquiry is to ascertain such facts as may aid the court in arriving at a proper conclusion.

*By Mr. Aylesworth, K.C. :*

Q. Would you answer in this way, Mr. Graham, it is less than \$1.90 per 100?—A. No.

Q. Is it less than \$2.00?—A. I object to going beyond that, may it please the court, unless I am absolutely forced to do it. But I may say this in explanation, and which will be information of a material character for the counsel, that the Canada Paper Company made that contract before the rise in the price of chemicals, and since the contract was entered into, they have intimated to us that they were losing money on every pound of paper furnished, and led me to infer that if I were willing, they would cancel the contract. These are absolute facts, and repeatedly they have given me to understand that they were losing money.

Mr. AYLESWORTH, K.C.—Of course, it is evidently your interest not only not to disclose this amount, but also to demonstrate that it is not a contract unduly favourable to the manufacturer.



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WITNESS.—I cannot disclose the facts in that contract without a breach of faith, that is, voluntarily.

Q. But evidently it is your interest or your wish to give the court to understand, that there are strong reasons for the making of that contract, and this contract on which you say there is, according to the statement of the manufacturer, a loss on every pound of paper, is the reason for your taking that position, the circumstance that if you disclose this, you might not be able to get as favourable a contract again?—A. I do not need to explain to you that it is not customary for parties to a contract to reveal details of that contract, unless under compulsion.

The COMMISSIONER.—You said, if I understand you well, that the price was not under \$1.90?—A. No.

Q. Have you any objection to state whether it is between \$2 and \$1.90?—A. It is just \$1.90.

*Cross-examined by Mr. White, K.C., representing the Paper Makers' Association :*

Q. When did you say this contract was made?—A. The end of April or the beginning of May, 1899.

Q. And it is made for a term of years?—A. Yes.

Q. The Canada Paper Company had been supplying you, you say, with large quantities of paper in the past?—A. Off and on since 1869; not continuously, you know.

Q. You say the quantity supplied is about twelve tons a day?—A. About twelve tons a day.

Q. Did they explain, give you reasons, for the low price at which it was made?—A. They said that the consumption was the largest individual consumption in Canada, that it was an object to place such a large amount of paper in one hand. It is a cash contract, payments are cash, and it was desirable that so large a share of the output of the mills should be secured in that way.

Q. You are using a regular quality of paper, a machine can run continuously on that class of paper?—A. Oh, yes.

*Re-examined by Mr. Aylesworth, K.C., representing the Press Association :*

Q. You are not acquainted, I suppose, with the cost of producing 100 pounds of paper?—A. No, I only know what they have told me, and as evidence of their sincerity they offered to cancel my contract, if I was willing.

Q. You don't know when they said that they were selling this to you at that price at a loss, whether they meant that it was a loss as compared with what they could get elsewhere in the market, or whether they meant it was a loss as compared with the actual cost of production?—A. The time the contract was entered into, they did not pretend they were selling at a loss, but afterwards there was a rise in labour and chemicals. They did not pretend at the time that they were making a loss.

Q. And they since told you that they could do better?—A. They were suffering a loss on every pound they sold.

Q. I ask you whether you are in a position to say, assuming that to be true, that they were losing because they could sell to better advantage—an actual loss, or less profit?—A. Mr. MacFarlane was very specific in his statement that he was suffering an absolute loss on every pound of paper.

Q. Do you mean you understood him to say it was costing him more than that to produce it?—A. I certainly so understood him.

JEAN D. ROLLAND

*Examined by Mr. White, K.C., representing the Paper Makers' Association :*

Q. You are aware that the paper on which most of our newspaper is printed to-day is called No. 3 news print ?—A. Yes.

Q. What is the significance of that No. 3 ? Is there a No. 1 news print and No. 2 news print and so forth ?—A. News print used for newspapers, there is only one quality, which is called No. 3 news print, either in sheets or in rolls.

Q. As a matter of fact, the old grading of paper, the No. 1 is the finest class of paper ?—A. That is book paper.

Q. No. 2 ?—That is book paper. No. 1 is a superior quality for book to No. 2; No. 2 is inferior to No. 1; No. 1 is called a high class paper, and No. 2 book paper.

*By the Commissioner;*

Q. Both numbers are book ?—A. Yes.

*By Mr. White, K.C.:*

Q. But when you speak of No. 3 news print, you don't mean there are three grades of news print ?—A. Never. That is the grade in print. No. 1 is book; No. 2 ordinary book, and No. 3 news.

Q. You are familiar with the news print used in the United States ?—A. Yes.

Q. How does the news print compare for quality with the news print used in Canada ?—A. Except maybe one newspaper there, the general run of newspapers in Canada is equal to the ordinary run in the States.

Q. You refer to the New York *Herald* ?—A. Yes, the New York *Herald*.

Q. The New York *Herald* is printed on highly calendered paper, because of their cuttings and illustrations ?—A. Maybe the quality of paper does not cost more than it costs to our paper makers here, but it is on account of the great quantity, and the continuous running for the year on the same machine, that they can finish their paper a little better.

Q. But as to the quantity of stock used, the quantity of raw material used, I suppose there would be a very slight difference ?—A. My impression is that it is about the same proportion.

Q. So the cost to the manufacturer would be about the same ?—A. Yes.

*Cross-examined by Mr. Aylesworth, K.C., representing the Press Association:*

Q. Are you familiar with the system of grading in the United States, or in the New York market, or are you speaking with reference to Canada ?—A. I am speaking of the American market. The proportion of stock used is the same, because we have occasion to meet paper makers in the States.

Q. I was not referring to that, but I refer to this grading. I understood from some of the men in the trade, who testified in New York city, that they were in the habit of grading news print, one, two, three ?—A. Oh, never.

Q. You are not aware of that ?—A. No, sir.

Q. We produced there the exhibits. Here is a copy of the *Globe* which was produced, also the Toronto *Evening Star* of the same date; is there any difference in the quality, the grade of paper of those two ?—A. These are the same grade.

Q. This is a copy of the *Herald*; is this a better finish ?—A. It is a better finish. I must say that the general run of the *Globe*, or the *Mail*, or *Star* is superior to the two samples you gave me there.

Q. These are both inferior samples ?—A. They are made from the same stock, but some time the machine will not produce as good one day as another.

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Q. How is that?—A. You study from the paper maker. He will tell you that.

Q. These were produced previously. They were the latest edition at the time we took evidence, and the witnesses there spoke of them as being both an inferior grade. You agree they are not up to the ordinary quality?—A. I agree it is the regular run, the ordinary run of a paper mill. A paper mill may make a little better one day than the other.

*Re-examined by Mr. White, K.C., representing the Paper Manufacturers' Association.*

Q. Do you happen to know where that paper is manufactured?—A. I am not very sure. I know one of them is made at the Riordan Mills at Merritton, and one is made at the Laurentide.

### ARGUMENTS.

BY MR. AYLESWORTH, K.C., REPRESENTING THE PRESS ASSOCIATION.

The first consideration which, it seems to me, important to ask your lordship's attention to in connection with this inquiry is the provision of the statute under which the commission issued. Section 18 of the Act 60-61 Victoria, chapter 16, provides the circumstances under which a commission of this character should issue, and the scope of the inquiry. 'Whenever the Governor in Council has reason to believe that with regard to any article of commerce, there exists any trust, combination, association or agreement of any kind among manufacturers of such article, or dealers therein, to unduly enhance the price of such article or in any other way unduly promote the advantage of the manufacturers or dealers at the expense of the consumers then the Governor may direct a commission to issue to report to the government whether such combination, trust, association or agreement exists.'

The scope of the investigation here, then, is to inquire whether or not it has been established that an association, combination or agreement does to-day exist among the manufacturers of this article, printing paper, and if so, whether that association or combination is one to unduly enhance the price of that article, or in any other way to unduly promote the advantage of the manufacturers at the expense of the consumers.

We submit to your lordship upon the evidence that has been adduced, that the report which your lordship should make in that respect should be in the affirmative, as to both points of inquiry.

In the first place, with regard to the existence of such an association or agreement among the manufacturers, there can be no question. In that respect the case stands conceded. We have the actual document of agreement or association. It will be noted that it is not any question of whether all the manufacturers in the country have entered into the combination, association, or agreement, but whether such combination, association or agreement, as is described in the statute, exists. Here, whether all have entered into it or not, it is demonstrated that such a combination does exist, and that a considerable proportion, in fact, I shall argue upon the evidence, practically all the producers of this particular class of paper, have entered into it.

Now, looking at that agreement which is produced, the purposes and objects of it are very apparent. It is an agreement entered into formally and in writing, under date of 21st February, 1900, signed by some twenty-six manufacturers of paper. It is now said that of these signatories only twelve have actually made the deposit with the treasurer which the agreement calls for, and that the other fourteen are not recognized by the twelve, as I would understand the testimony of the secretary, as being members of the association. As I have pointed out, that seems to us to make no difference.

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We established that there does exist in this country such an association, combination or agreement among manufacturers of paper—the statute does not say how many manufacturers of paper—as, we undertake to say, does unduly enhance the price, or was intended to have that effect.

In the first place, as there has been considerable testimony from gentlemen who are parties to this agreement or arrangement with regard to its objects, as one at any rate, perhaps more than one of the witnesses who were examined before your lordship three weeks ago, seemed to endeavour to persuade the court that this agreement had for its object rather the keeping down of prices than that of increasing them. Let us look at the terms of the document to ascertain from it the objects of the association: The agreement witnesseth that the parties form themselves into an association to be called and known as the Paper Manufacturers' Association of Canada. Then the document states that the object of this association shall be, among other objects: the regulation and maintenance of fair prices of paper. Now, at least, we pause there for a moment. Let me ask the court what it is, this definite, distinct statement on the face of the instrument of agreement, that they are banded together for the maintenance of prices which will seem fair to them. Of course, it would be out of the question to find any body of men engaged in the manufacture of any commodity stating on the face of an agreement they might enter into, with regard to the price of their output, that their combination was for the purpose of maintaining prices that were unfair. That would be a thing not supposable. They would be sure to call the price fair which they themselves established. Upon the face of this document then, it is a distinct statement that the objection of their association is the regulation and maintenance of prices. The use of the modifying adjective 'fair' with regard to the prices is their own choice of words, is what might seem fair in their eyes without any regard to the interests of the purchaser or consumer, and carries the matter no further than if they had said in so many words: 'We combine to maintain prices.' And the remaining features of the agreement suggest the course which they have taken under that association or agreement, demonstrate the fact to be that the association was formed for the sole purpose of maintaining such prices as they will choose to fix. The secretary-treasurer is, by the fifth paragraph of the agreement, to advise simultaneously by wire or post as directed by the association, all members of the association, all resident or other agents of members of the association and as far as possible all travellers, of any changes in the association prices or terms. It is provided in paragraph six that any resolution adopted at any meeting by a majority of the members then present shall be binding upon all the parties hereto. There is an express covenant by the parties signing that they will conform to and abide by any resolution adopted under the provisions of this Article 6.

Then, finally, that they will not quote, accept, book orders for, offer or agree to sell, or sell, the goods covered by the agreement at lower prices or on better terms and conditions than those fixed by the schedule or by any schedule that may be adopted by resolution of the association under Article 6 in substitution. So that the express covenant of the parties, a covenant of observing, which is insured by the right and power to impose a very substantial penalty on anyone who makes breach of it, the express covenant of every signer of this agreement is, that they will not make better terms or lower prices to any purchaser than the prices fixed by the majority. There is finally an express obligation in the agreement, each in the penal sum of \$500 to the others, that they will strictly adhere to, observe and fulfil all the above agreements and obligations, and all rules, regulation of the prices, discounts, &c., which may from time to time be resolved in or adopted by the association, and provision, as your lordship will remember from reading other clauses of the agreement, that upon any breach, the secretary shall examine into the matter, and if he find that there has been any transgression or violation of the agreement by any member, he shall fine the accused not less than \$50 and not more than \$500. So that by rigorous penalties, those manufacturers who have entered into this agreement have bound themselves

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to each other not merely in honour, not merely by their obligation, but under stress of this heavy pecuniary penalty, that they will be governed by the resolutions of the majority, and that none of them will sell at a lower figure or on better terms to the purchaser than the majority may direct.

Now, that being the indication to be found in the document itself, of the objects of the association, let me ask your lordship's attention for a moment to the minutes as demonstrating what those who have banded themselves together under that agreement have done. Your lordship will find at the very opening of the minutes, on the first page, that a message is sent to all manufacturers to withdraw all quotations or prices which were then outstanding. Prices are then considered by the body assembled together. After deliberation and consultation, prices are decided on and on page five, terms of payment are adopted and the amount of the deposit of penalty is fixed. Then that having taken place at the outset as the minutes record, within not long afterwards,—on the 18th April, 1900, within a couple of months of their incorporation that this body is, by resolution, settling, agreeing upon a uniform form of consideration which they are adopting and requiring the purchasers or consumers to enter into. They regulate the prices; they regulate the terms, and they bind each other not to sell at lower prices or upon better terms to the purchaser, leaving it to each to make terms more onerous or the prices higher as they see fit.

Then we have not only the evidence of the document itself, of the proceedings taken by the association, as demonstrating the objects with which the parties entered into the agreement in question, but we have also some statements by different witnesses on the point to which I very briefly refer. Mr. Barber, called on behalf of the paper makers, and himself a manufacturer, says with regard to the objects of the association on page nine of his testimony: That the first or original association of twenty years ago was organized for the purpose of fixing the price on news as has been done recently. 'Q. That was the purpose for which the association was originally formed as you understand it?—A. Yes.'

Mr. MacFarlane, of the Canada Paper Company, says with regard to the original organization at page 41, that it was not closely organized, 'but we would meet and discuss these things and they would fall through afterwards.' 'Q. That was the object primarily of your association?—A. It was only one of the objects; if the prices were favourable at the time, they would not be discussed. If they were going down to an unfavourable basis, we would discuss them very warmly.' That, he says, speaking of the organization of 1879, which, he says, was an understanding that we would not sell a certain kind of paper under a certain price. Mr. Barber, with reference to the present association says, that the old one having fallen pretty much into disuse, the new or present one was only called for when there was excess of supply over demand. 'Q. To prevent the reducing of prices too much?—A. You might put it in that shape.' This is at page 10 of his testimony.

So that we have both these gentlemen telling us that the purpose of the association, the necessity for it, arose when the price is going down because supply exceeds demand, and the purpose of the association is to correct that and to prevent prices reaching an unfavourable basis.

During Mr. MacFarlane's examination a document was produced to him by my learned friend Mr. White, under date of the 22nd September, 1892, to which he was a party, and he was asked the purpose for which that agreement was entered into. He states at page 42 of his testimony: 'Q. What was the object of drawing this up?—A. Because we wanted to get prices uniform.'

'Q. What is the history of this particular one in 1892?—A. To get the prices uniform.'

Now, when one bears in mind who it is that is speaking, that it is a manufacturer who is testifying as to the desirability of uniformity in price, it needs no further statement to show that uniformity of price, which will be satisfactory to the manufacturer, is necessarily a uniformity, that will be at a figure favourable to him and

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not upon the basis which the law of supply and demand would indicate, if supply was in excess, so that prices would go down. Mr. Gillean, of the same company as Mr. MacFarlane, also speaks on the same subject, and with brief reference to his statements about it, I conclude all I have to say as to the objects of this association. He says at page 93 : 'It was to maintain prices, terms and responsibility.' I do not know what meaning the witness attached to the word 'responsibility,' which he used. He may have intended to give us to understand responsibility financially, responsibility for the amount of a purchase; but the object, as stated by himself, is to maintain prices and responsibility. That is exactly the contention which we are making. The object of this association was to maintain or keep up the prices and the terms; to see that they were not made in any way to the injury or prejudice of those who were entering into the combination. The question proceeds to Mr. Gillean immediately after what I have read on page 93:

'Q. To benefit the members of the association?—A. It must be some benefit.

'Q. It must not at all keep down the prices. You could trust the buyer to do that for himself?—A. 'He would look after that himself.'

On the following page, the last reference I shall make to his testimony in that respect:

'Q. Explain to me, if you can, how, in any case, that association existing, could lower the price?—A. It could not lower the price; it would not have that effect, no.'

Then he is asked, if there is any market in Canada, fixing the prices outside the association price. He answers: 'Not as far as Canada is concerned. As far as Canada is concerned, there is no other price than the association price.'

Now, that being the nature of this organization, the purpose of it, as set out upon the document of the association, as demonstrated by the acts of those who met, under that document, in body assembled, and by their record of proceedings, show that their work was that of fixing prices satisfactory to themselves, that being the statement by the men who best know, prominent manufacturers who have been called here, as representative men, of the objects with which they entered into this arrangement, we submit to your lordship that it is demonstrated not merely that an association, combination or agreement exists, but that that agreement is upon the statement of the parties to it, and of the document itself, an agreement for the purpose of regulating, for the purpose of maintaining; in other words, for the purpose of keeping up the price of a commodity under which they deal.

Now, if we have established that much, we have taken the first step, and a long step towards the result, which we ask your lordship to give in the report to be made to the Government as to this investigation. There is an agreement shown to exist and the purpose of it is shown to be the maintaining or keeping up of the prices of paper. Is it then an agreement to unduly enhance these prices, unduly to promote the advantage of the manufacturers or dealers at the expense of the consumers?

It is shown to be an agreement to enhance the price, to maintain that enhanced price. It is shown to be an agreement to promote the advantage of the manufacturers, at the expense of the consumers. All that remains of the inquiry is, as to whether that enhancing of prices and that promotion of the interests of the manufacturer, the advantage of the manufacturer at the expense of the consumer is an undue thing.

Now, in considering that fact, we have first to look at the position of prices and at the position of trade at the time this agreement was entered into, to compare the prices and the conditions that governed or obtained in the trade at that time with the prices and conditions which were brought about as the effect of this combination, and inquire then whether the raising of the price and the increase of advantage to the manufacturer at the expense of the consumer was or was not undue. We have it in evidence, and uniformly in evidence; in evidence not merely, not contradicted, but in evidence corroborated by those who have been called on the other side, that for years prior to the making of this agreement in 1900 the price of this class of paper had been uniformly decreasing. For some ten or twelve years or more, the cost of production had

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been decreasing. The improvement in machinery, improved facilities for manufacturing, the lessening of expense of raw material caused by the substitution of wood pulp for rags, and other circumstances connected with the manufacture of paper that different witnesses, notably Mr. Barber on the other side have shown the court the fact to be indubitable, that for ten or eleven years prior to 1900 the price of paper in Canada had been uniformly decreasing. Mr. Ross, the first witness called before your lordship, says so at page 17 of his testimony. He is speaking from an acquaintance practically with the trade for a period of some twenty odd years, I think. He speaks of the fact for some twelve years or more. He has been in business as a publisher for that length of time, and he says, during that time at any rate, the price of paper has been decreasing ever since he has had any acquaintance with it.

Mr. Tarte, at page 2, says the same thing, speaking from a course of experience for some ten years past. 'The prices for all kinds of paper had been going down steadily,' and he had been buying at a low figure prior to the entering into of the agreement here in question.

Mr. Robertson, of the *Ottawa Journal*, speaks in the same line at page 95 of the evidence, where he says that the price had gradually been reduced during the year. From his experience it had been declining up to the making of this agreement in February, 1900.

Then a very important piece of evidence is afforded us by Mr. Woodruff, a manufacturer from Welland, who was called on the opposite side, and asked, at page 83, the position of the trade before this last agreement was signed in 1900. He answers: 'The trade for the previous six months had been in a good, healthy state. We considered it so; we were advancing prices right along on it.' So there was no necessity for the making of this agreement, by reason of conditions of the trade being in any way unfavourable. Those conditions of trade were, as the manufacturers themselves testify, prior to the making of this agreement, such that the trade was in a good healthy state, that they themselves so considered it. There was no reason or necessity so far as their position was concerned for entering into this agreement in the world. What was the effect of it? The effect was at once made manifest, and this is testified to by numerous witnesses and without any contradiction, although the parties who could have corrected it, if there had been any mis-statement upon their part, went into the box on other points in the inquiry.

I call your lordship's attention to that particularly. Here, we have in the first place Mr. Ross and Mr. Robertson, of the *Journal Printing Company* in Ottawa, testifying as to what took place between them on the one part, representing their newspaper, and the Eddy Company on the other part as represented by Mr. Rowley; and Mr. Rowley was called on the opposite side, examined upon other matters altogether, and not asked one single question with reference to the statements made by Mr. Ross and Mr. Robertson. That circumstance demonstrates, with this evidence before him and before counsel upon the other side for some three weeks, for a month, or more, prior to Mr. Rowley going into the witness box; that circumstance demonstrates, I say, that the statements made by Mr. Ross and Mr. Robertson were absolutely correct and could not be gainsaid. They tell us that the *Journal Printing Company* had a contract with the Eddy Company for the supply of paper at the rate of \$2.04 per 100 pounds. That was a contract which had been in existence for some little time before January of 1900. It expired at that time, and the question was as to the renewal of it. Mr. Hall, representing the Eddy Company, was content to renew, but stated that they would have to make an increase in price of about 10 per cent. Mr. Ross says on the second page of his testimony: 'They notified us on the expiry of the contract that there would be an increase in the price, and their agent, Mr. Hall, stated that the increase would be probably 10 per cent. That would raise the figure from \$2.04 to \$2.24 or \$2.25 per 100.' That statement was made, Mr. Ross says, about the first week or just the first week of February, 1900. Mr. Robertson has verified the dates more accurately and says it was on the 14th day of February, 1900. That, your Lordship

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will notice is just one week before this combination was entered into. Now, at that time, this Eddy Company is prepared to enter into a new contract at \$2.24 or \$2.25 per 100; the agreement going into force within one week from that date at the rate of \$2.50; and the inference, I claim, is irresistible; the increase which they put on the price was 25c. additional profit, was an undue enhancement of the price, because of this combination amongst the manufacturers. They were not selling at \$2.25 at a loss; they were prepared to name a figure of 10 per cent increase upon their former contract, as a sufficient increase to protect them from loss, insure them a reasonable and proper price under the condition of things which then existed and within seven days they were adding 25c. further to the price—an undue enhancement directly attributable to this agreement which we complain of. They are then willing to renew at \$2.24. They are not willing a week later to carry out that offer, when it is accepted by the *Journal* Printing Company and they put the reason for their refusal simply and solely upon the fact that this agreement has been entered into.

Mr. Ross says, at page 17 of the testimony, that the contract he had expiring with them had been made at one year only in the previous year. They were then willing to contract in the fall for one year's supply; they did contract for one year's supply during the year 1899 at the price of \$2.04. Does anyone suppose that they were doing that at a loss, that they were not making upon a living profit?

Then because they complain that conditions of production had increased in expense, that they were not able to continue to contract at \$2.04 and make a profit. They were prepared in February of 1900 to make their contract at \$2.24, but this agreement or combination having been entered into, they had put the enhanced price, and to enhance it more unduly to the extent of 10 per cent they took the opportunity to refuse to carry through an arrangement at \$2.24. Mr. Ross describes what took place in that respect. Mr. Robertson gave it a little more fully, but it will bear a repetition of the two statements by the witnesses who spoke in regard to it. Mr. Ross says at page 2: 'That upon their accepting this arrangement at \$2.25 Mr. Eddy informed him that an Association had been formed by the majority of the Canadian paper makers, who had decided that the price of paper was to be \$2.50. He said he was bound hard and fast by the regulations of the Canadian Paper Makers' Association.' So that Mr. Eddy stated this to be the result of the combination among the paper manufacturers, gives that as his reason for not being willing to implement the offer that had been made by his representatives only seven days before, and increases the price to correspond with the regulations of the manufacturers. The control of the manufacturers over the seller in that respect is demonstrated conclusively by the Exhibits which were produced by Mr. Ross, P-1 and P-2. P-1 is a letter written by the Eddy Company to the *Journal* Printing Company on the 5th of March, 1900, with reference to this contract, within a fortnight, of course, after the association had been formed, tells the *Journal* Printing Company that they will send an invoice, when? 'As soon as the terms and prices fixed upon by the Canadian Paper Makers' Association have been advised to us for this paper product.' On the 10th of March they wrote, sending invoices and specifications, and saying that this arrangement is subject, if you please, to the approval and confirmation of the Paper Makers' Association. That, then, is the only way in which they will, after this association is formed, enter into a contract; the only way in view of the fact that they have bound themselves to their fellow manufacturers to live up to the regulations of the Paper Makers' Association.

And that is an undue promoting, by reason of the arrangement of the large manufacturers at the expense of the consumers. Mr. Robertson's account of the matter shows in detail, at page 95, how the price had gradually been reduced, how it had been going down from 1897, when it was \$2.65; 1896, \$2.75; February, 1897, \$2.65; June, 1897, \$2.50; August, 1897, \$2.35; August, 1898, \$2.30, and in October, 1898, the Canada Paper Company tendered for the *Journal's* supply at \$2.00 a hundred pounds net cash, and the Eddy Company, through their representative, tendered at \$2.20, less 3 per cent. Then the contract in question was entered into on the twenty-second of November at



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\$2.03 per 100 pounds net cash, and that contract expiring in January, 1900, the question was as to the new contract to be entered into.

Now, that new contract he describes at page 96 was arranged under those circumstances: 'At the expiration of the contract the arrangement was not disturbed, and we continued with the Eddy Company at the same price and terms up to February 14th, when the Eddy Company's representative, Mr. Hall, called on the *Journal*, stating that our contract had expired, as we were probably aware, and that the Eddy Company would have to ask an increase in price. On being asked what the price would be, he stated, an increase of 10 per cent, bringing the price up to \$2.20 and \$2.25, and that we could obtain a contract for the year at that price if we wished.' They asked him to call in two weeks' time, and on the twenty-second of February they accepted his offer by a letter which is filed as Exhibit P-24, and then were informed that the offer could not be implemented by the Eddy Company by reason solely of this association. They point out another letter to the Eddy Company of the 7th of March, Exhibit P-25: 'We trust that the fact that we accepted your offer in good faith, and that had it not been for your arrangement with the Paper Makers' Association you would have carried it out, and adding to this your often expressed desire to give us every assistance, will permit of you giving us this price.' But the Eddy Company say it will not do so, that they cannot break this agreement they have entered into with their fellow manufacturers. Then Mr. Robertson says, after that arrangement was entered into with Mr. Hall,—I read, from page 101 of the testimony: 'I saw Mr. Rowley and Mr. Eddy together in their office. They stated that owing to the arrangement entered into with the Paper Makers' Association, and seeing that the acceptance of their offer did not reach them prior to this time, and that, in fact, so far as their firm was aware, they had nothing to show that such an offer was made to us, they therefore were compelled to repudiate any offer which their Mr. Hall might be considered to have made.' Then reading from Mr. Robertson's testimony at page 101, he says that he saw Mr. Rowley and Mr. Eddy together, that they told him that owing to this arrangement of the Paper Makers' Association they were compelled to repudiate any offer that Mr. Hall might have made. During the conversation Mr. Eddy stated that they could not lay themselves open to the penalty which would be imposed by the Paper Makers' Association for the violation of the agreement, and it was brought out that that penalty was \$1,000.' I might say that it appears in evidence that a penalty is named of \$1,000. This may be some prior arrangement, though, of course, under the existing one the limit is \$500. Mr. Eddy told him further on page 102, next page,—'it was further stated by Mr. Eddy that there would be no way of covering up the fact that our arrangement had not reached them prior to the formation of the Paper Manufacturers' Association.' So that this receipt being delayed, Mr. Eddy and Mr. Rowley, upon the circumstance of this association being formed, were not in a position to carry out the offer which, up to that time, they had expressed themselves, through their representative, as one on which they would be glad to enter into a new contract for another year's supply of paper to that consumer.

At page 121 of Mr. Robertson's testimony this further occurs: He says that at the time of the fire, which took place on the 26th April, 1900, the ruling price, he found, was higher than \$2.50 which had been fixed by the association, but at the time the association was formed it was not so, because, he says, they had an offer at the time it was formed at a lower rate, and that was jumped up because the Paper Makers' Association was formed.'

'Q. Are you prepared to make this statement, that it was purely because the Paper Makers' Association was formed?—A. Yes, sir; the Eddy Company told us that they would be glad to make a contract with us, but they could not, on account of the price of the Paper Makers' Association.'

Now, no more distinct statement could be made than that, which Mr. Eddy and Mr. Rowley made to Mr. Robertson, that it is purely and solely by reason of this association that the price is increased to an extent of 10 per cent. They would be glad

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to enter into a contract otherwise at \$2.25, as they had offered to do seven days before. But by reason of this association, and solely by reason of the formation of the association, that price is enhanced 10 per cent more, and I argue nothing could be more clear than that such enhancement is an undue enhancement, an undue advantage to the manufacturer at the expense of the consumer, when we have the manufacturer himself stating that but for this association he would be perfectly content with a lower price. Now, it is not any question of producing at a loss; it is not any question of there being no profit in the lower price, because we have the manufacturer by his silence concede, by his omitting to make any explanation or answer to this testimony. We have him concede that whereas he would be glad to have entered into a contract at a lower price, he now, solely by reason of this association, takes advantage of this association and gets a large, undue enhancing in the price. I press upon this fact, your lordship, that this evidence having been before counsel on the other side, that if they desired to refute it, Mr. Eddy is not called at all; Mr. Rowley is, and he is not asked one word by way of answer to that testimony, and it stands uncontradicted, that they were willing and glad to have entered into a contract at a lower price, and then within one week say that they could not carry out that price, simply and solely because of the formation of this association.

Now, the position of other companies as affected by this association is also very distinctly shown by the testimony of Mr. Robertson. He says that upon the fire taking place, that prior to the fire taking place, he says at page 107 of his testimony, that while these negotiations were going on with the Eddy Company, at the end of February, and during the first few days in March, 1900, he was trying to see if he could not get a supply elsewhere in Canada. He says he tried the Canada Paper Company, the Riordan's, I believe also the Dominion Paper Company. 'Each of them regretted that they could not see their way clear to take us on, though previously they had been looking for our business. The Canada Paper Company had tendered for our supply just previous to that. When I called, I saw Mr. MacFarlane, the manager. The tender that had been made a year previously was \$2.00. Then we went to the Canada Company in the first few days of March and saw Mr. MacFarlane, and he gave us the reason that was given to him.'

At page 109, he says: 'At the Dominion Paper Company, the conversation was of a similar character, 'that they had no paper to spare.' So that the result of entering into this agreement by the different manufacturers is at once demonstrated, whereas immediately before it Mr. MacFarlane had been tendering for the supply of paper, had been tendering a year before at \$2.00, while he now occupies the position of regretting that he cannot see his way to take them on, though previously he had been looking for the business.

Now, what caused that alteration in the position of matters, to the advantage of the manufacturers at the expense of the consumers? Nothing but the agreement in question. And if that alteration is an undue advantage to the manufacturer at the expense of the consumer, it is distinctly in the statute.

Then other reasons we offer to your lordship are equally significant. With reference to the experience of Mr. Tarte, as detailed in his testimony at the opening of his evidence, page 2 of the reporter's paging. He says: 'That before April of 1900, during the last three or four years prices had been going down steadily. 'I have been buying in my office,' he says, 'quantities at prices from \$1.70 to \$1.85, hardly over 2c.' Then in April, when these mills were burnt he was then getting his paper at a trifle below 2c. delivered in any quantity, less 5 per cent, 30 days or four months, but immediately upon their being necessary that he should get paper from other consumers, after the effect of this agreement had had its full force, he was unable to get it in any place less than \$3.00 a hundred. He describes at page 18 in the opening of his cross-examination by Mr. White, the position of things prior to the agreement. 'I was paying \$2.05 less 5 per cent, 30 days or four months, less, I think, \$1,200 or \$1,500 for some other considerations, which we deducted off the total amount of paper I bought during the year.'

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That contract was with the Eddy Company from whom he had been buying for years. He had been paying less than that before. That particular contract had been in force for about two years. He says on page 19: 'I bought as low as \$1.70. When that contract was going on, I had bought paper, carloads of paper now and then from different mills at various prices from \$1.70, \$1.80, as far as I remember, to \$2.15.' At page 4 of his evidence, he says: 'In January, 1900, we bought paper at prices below 2c. and I found out I could have bought for all the money I could have got in the Bank of Montreal below two cents. When I came to get paper from the mills, I was informed that the paper makers had joined into an association and that the price per carload for my paper would be \$2.50.'

Then that being his experience, some increase did take place in the price by reason of this combination. Compare it with that of other witnesses, as I have said, at widely separate points of the country. Mr. Preston, of Brantford, describes in his evidence in Toronto at page 24 of the record, that he had a contract with the Canada Paper Company at \$2.10 per 100 in the ream. In the month of December or thereabouts, 1899, not certain of the date, there was an advance made to \$2.20. 'That was, I think, before the Association was formed, and that carried me through until quite recently.' That was, he says, both for reams and rolls. That was a price of \$2.20 with 4 per cent off. But immediately after the combination was entered into, that price of \$2.20, 4 per cent deduction, was made \$2.50 for rolls and \$2.75 in the reams.

Now, there is no evidence of any corresponding increase in the cost of production. Here, this man is buying from the Canada Paper Company, paper in reams at \$2.20 with a discount of 4 per cent, and it is immediately hoisted to \$2.75. Is there any corresponding increase in the cost of production? Certainly not. None is pretended. Is it pretended that they were making those sales at \$2.20 at an actual loss? There is no evidence of it. The manager of the Canada Paper Company, with that evidence before him goes into the box, and says not a word about it, confines himself to the wide general effect, that free trade would have on the country; talks about reasons for supposing that this combination has had the effect of reducing prices rather than of keeping them up, and never says one word in answer to the finished evidence he was called upon to give, if it could be met; that whereas he had by his company immediately prior to this combination, gladly and contentedly supplied the consumer for \$2.20 he now insists on being paid \$2.75.

Mr. Dingman, the proprietor of a newspaper in Stratford, gave his experience at page 41 to 45 of his evidence: The prices we had been paying for news print just before the combine came into operation was 2½c., or \$2.25 per 100 pounds, delivered at Stratford. The effect afterwards was to raise the price at first to three cents, and subsequently to \$2.75—two and three-quarter cents with a discrimination against us in the matter of freight delivery. I investigated the alternative of buying paper from the other side, and found that paper could be purchased over there at two quotations, one at 2½c., and the other \$2.15, which, with the duty and freight paid, would deliver the paper at Stratford at a trifle under combine prices, with a discrimination in the matter of freight added.' He describes the price from Niagara Falls, N.Y. The price of paper there was \$2.12½ with a duty of 54c., freight 12c., making a total of \$2.78½ per hundred pounds as compared with about \$2.85 under the combine regulation. So that there was little advantage in favour of the foreign manufacturer of paper as a direct result of the combine that was entered into here. His statement to your lordship is, that that price of \$2.25 which he was paying prior to the combine, was with a discount of 3 per cent. Then it is immediately increased from that figure to \$2.75 with a discrimination in the matter of freight of 10c. additional, or \$2.85. Then Mr. Atkinson, of the *Toronto Star*, describes his position. At page 75 of the testimony, he says that in the year 1900, in January, his contract expiring, he was making a new contract and that contract, he says, 'I closed hurriedly because I was told the association was in process of formation, and the contract was for one year at a renewal of the terms of the then expiring contract, like the one of the *Ottawa Journal Print-*

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ing Company, was immediately preceding the formation of the Association. He was perfectly content to enter into a contract at \$2.23 at that time for exactly the commodity which they were paying a price of \$2.50 forthwith on the combination being formed. The effect is certainly an enhancement of the price, which, under the circumstances must be considered undue.

And then Mr. Atkinson describes at page 85 of the testimony, that \$2.23 was not at all the lowest price in Canada. 'I did not get the best price. There were prices much lower than that, within a couple of months' time, so that the \$2.23 is not to be taken as a low water mark for non-association prices.'

Then Mr. Stephenson, of the *Chatham Planet*, comparing the former contract with the present one, tells us on page 87 'that his contract expired in the early part of 1900.' He was at that time paying \$2.10 delivered. That was for paper in sheets: at the expiration of it, he was immediately obliged to pay \$2.75, with freight in addition. That, he found by correspondence, which he produced to the court was the price he had everywhere to pay, and that there was in that way an immediate increase from \$2.10 to \$2.75, an increase of 65c. or practically of 30 per cent upon the cost of the paper to him, without any evidence of a corresponding increase at that time in the cost of production.

Now, that effect of the association on prices is not limited in any way to the actual signatories of the agreement or combination. The Laurentide Pulp Company has been spoken of repeatedly as one not in the combine, but that Company, although it may not practically have been in the combination as far as paying its money is concerned, has, according to the testimony at any rate, taken to itself all the advantage of the association, and made a similar disadvantage to the consumer. That company is not the one which supplied Mr. Graham,—I thought for the moment it was,—but Mr. Graham's supply being drawn from the Canada Paper Company, I ought to refer to what he has told us this morning in connection with matters I have been discussing before leaving that for the present. If Mr. Graham is being supplied, he tells us at \$1.90 for a large amount of paper by the Canada Paper Company, is it not manifest that that is the price, which at the time of entering into the contract at any rate, was one that the company could afford to make? Mr. Graham tells us with manifest disinclination to give any evidence, it would assist the fellow consumers who are not in so fortunate position as he, with a manifest willingness to protect, so far as the truth will protect, the interests of the manufacturer with whom he has made his contract; that even they did not at the time at all pretend there was any loss in the contract they were entering into. We have Mr. MacFarlane's testimony on the same subject, as I pointed out, when Mr. Graham was in the box, the subject having been gone into on the examination of Mr. Hardy, Mr. Hardy not being in position to testify in regard to it; Mr. MacFarlane's examination some three or four weeks later, and knowing this contract was in possession of the counsel upon our side of the inquiry, seeks to explain, and describes in his evidence how the particular contract, which I presume is the one spoken of, was entered into at a very low figure. But Mr. MacFarlane himself does not pretend to say any more than he or any of the officials pretended to say to Mr. Graham, that at the time he entered into that contract, it was being entered into at any loss. At that time they simply took it as established that the conditions of the trade were such that they could afford to sell at \$1.90 and still make a living profit. Now, is there the slightest evidence before the court that between April and May of 1900 and February of 1901, in that period of ten months there had been any increase in the cost of manufacture, any increase in the cost of raw material, that would justify an increase in the selling price of paper 60 cents where it had been \$1.90 before? Is there any pretence for saying that there had been an increase of over 30 per cent. in the cost of raw material or in the cost of production? I submit there is not, and I urge on that circumstance, coupled with the other circumstances that I have referred to, that the strong effect of this association is not merely to enhance the price but to enhance it unduly, to enhance it at the expense

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of the consumer unduly to at least an extent which the consumer is, by this combination, forced to pay.

Now, referring, as I was when I digressed to speak of Mr. Graham's evidence, to the effect of this association and the disadvantages of it; see what the testimony is with regard to the Laurentide Pulp Company and the advantage they took of it, owing to the fact that this association exists.

Mr. Ross tells us at the opening of his evidence, on page 15, that talking to Mr. Alger, the managing director of that Company, he remarked that his price must be \$2.50, which was the price of the association. His price must be that, that being the price of the association. He is spoken of again in the testimony of Mr. Robertson in the same lines at page 115 and following pages, 115, 116, 117. 'As late as December, 1900,' Mr. Robertson says, 'we had been approached by that company, by their representative, Mr. Gascoigne, wishing to know if we were at liberty to make a contract. When I told Mr. Gascoigne we were at liberty to make a contract if he desired, he wanted to know if the prices would not interest us. I asked him whether the price would be different from that of the Canadian Paper Makers' Association. He said he could make a price different from the association, the reason being they were not members.' Then he said further: 'Mr. Alger has been approached several times to enter the Paper Makers' Association, but has not as yet joined, but I think he will join shortly.' Then Mr. Robertson did not close with Mr. Gascoigne at that time, but asked him after whether he did not join the Paper Makers' Association whether the price would go up. The price did not go up but became cheaper in fact, as the circulation of the papers was falling off, and he said: 'No, if they join they would require to hold to the arrangement, that there was a fine imposed for not holding to the agreement.' And he said: 'Of course, if the Laurentide joined they would not be bothered by the fine; that they would want to live up to the rules of the Paper Makers' Association. Finally, at the end of January, when we broke with the Rior-dan people, because they let us run short on two occasions, and we had not paper, we entered into correspondence with the Laurentide, and as a result made a contract, and of course this contract had to be at the Paper Makers' price, because they were then members of the association.'

Now, see what we have. The evidence of Mr. Hardy is to-day that this company has not, never has been in the association, but they know the tariff of prices of the association. They took to themselves all the advantages of the Manufacturers' Association. They put all the disadvantage upon the consumer upon the excuse that they are going to join, sheltering themselves behind the association, claiming that they are bound by the regulations of the association afterwards, because they have joined. So that this insidious effect on the manufacturer is in no way limited to those who have entered into the combination themselves, but it affects those who have not paid the penalty, just an excuse to take that much more out of the consumer, because they have the opportunity. And the association therefore has enhanced the price, and enhanced it unduly at the expense of the consumer, not merely for the benefit of those who have entered into the association, but generally for the benefit of manufacturers in whose interest it has been formed.

Then the same thing took place with regard to Mr. Forde, of Portneuf, though not spoken of otherwise in the testimony, is stated by Mr. Robertson to have taken the same position exactly. At page 113 of Mr. Robertson's testimony, he says: 'After the Eddy fire we telegraphed most of the paper manufacturers, and they did not care to take us on. Forde & Company, of Portneuf, said they would come to see us. The senior member came to see us after the fire. He said they had been making wall paper and he stated his machines were fitted up to make No. 3 news, and he said he would switch over to No. 3, as there might be a scarcity of No. 3 in the country and he could make money on it. I asked him what his terms would be. He shrugged his shoulders and he said: 'Of course they have to be the terms of the Paper Makers' Association.'

Then it is well demonstrated by the facts in evidence, and the necessary inference to be drawn from them, that there is a perfectly good understanding between the large combination of the manufacturers in the United States and the dealers in this country. No actual written agreement; it may be possible no actual verbal agreement, but a perfectly good understanding between the two that neither will invade the territory of the other, and that they will, for their mutual advantage, bind together to keep up the prices to the detriment of the consumer. That understanding is evidenced by more than one incident that is deposed here. As Mr. Tarte tells us at page 7 of his testimony: He telegraphed after the Eddy fire to several American newspapers. 'I sent representatives to see them. I was answered by some of them, by the International Paper Company, by the Otis Falls Mills, and one or two other of the largest paper manufacturers in the United States or through New England, that if I wanted to do business, I had to go to the Laurentide, that they were affiliated with them, that there was an association of paper makers, and if I wanted paper they would get it for me.' Then further in his cross-examination at page 24: 'I telegraphed to some of the paper mills and their answer did not come from them; their answers came from the Canadian mills here, the Laurentide. I telegraphed to New York International Paper, and instead of coming from New York, the answer came from Grand Mere the next day, or from Montreal, or from Ottawa, I think.'

Then, when he was recalled on the 4th July at page 112 of his testimony, he says, to Mr. White: 'I said the International was to supply us; when it was time to give us quotations, they answered me back that they knew the Laurentide was ready to take my order.' Mr. Robertson had an experience of precisely the same sort in Ottawa. He described how, when they were in straits for paper at the end of January, 1901, page 117: 'We wrote three times to the International asking them, because all these mills directed us to the International, but we got no reply in answer to the three letters we wrote them.' He says: 'This was at the time of the fire, in April, 1900. We tried to get paper from American manufacturers. We wrote several. We could not get any reply. That would indicate that I could not get paper over there. We wrote two firms in Watertown, which afterwards apparently turned out to be controlled by the International. We wrote three times to the International asking them, because all three mills directed us to the International, but we got no reply in answer to the three letters we wrote them. I mentioned this to Mr. Alger once, and the only reply I got from him was a smile. I asked him the significance of the smile, and he said they would not come into Canadian territory, and it did not bother the Laurentide Company at that time because they were shipping almost exclusively to the British market.'

Now, in New York, Mr. Spicer, a man in authority, was called as a witness by my learned friend. He is the manager of the Export News Division of that tremendous organization, and he describes to my learned friend the reason for this incident that Mr. Tarte speaks of. He says: 'That gentleman came to me saying he had a friend in Montreal desirous of purchasing some paper; he asked me would I communicate with him. Prior to writing the letter, the Eddy fire had taken place in Ottawa; an offer had been made by the Laurentide to secure some of the business, and in talking about their success in securing this business, they named various publishers with whom they had made contracts, and after my contract with Mr. Ridder, after looking over the list I found the gentleman he spoke of was in the list.' This is at page 221 of Mr. Spicer's testimony.

Mr. Tarte, in his effort to get paper at that time, is getting his friend Mr. Ridder to see if he could get it from the International. The International, by Mr. Spicer, the manager of the Export News Division is in conversation with the representative of the Laurentide people. That representative tells him of his business affairs, of his success in securing business, and names among other publishers, with whom they have made arrangements, Mr. Tarte, or Mr. Tarte's paper. Before answering Mr. Tarte's agent or representative, Mr. Spicer, the manager of that division of the International, looks

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over this list, and seeing that Mr. Tarte's name is among those with whom the Laurentide are engaging, he replies to Mr. Tarte, 'Get your paper there.'

No clearer evidence, I submit of at least an understanding of that, which one of the New York witnesses very felicitously characterized as a 'gentlemen's agreement' between the paper makers, could exist, than the evidence of this instance, and the fact that in Mr. Tarte's evidence, he is forced to obtain paper from foreign countries at a cheaper price. He is simply referred by that gigantic organization there to this very company here and left to the mercy of manufacturers, who put the particulars before the consumer as an excuse for thus increasing their prices.

## RECESS.

I intend in the next place, my lord, to speak of such evidence as we have with regard to the actual cost of manufacture. Now, as to that, I premise that probably no point that could arise in an investigation of this sort could be of greater practical importance; the whole gist of the inquiry being whether the prices which have been established by this organization are prices which mean an undue profit to the manufacturer. The most important element for consideration must be the actual cost of production. Now, that was a subject on which it is manifest from the nature and interest of the case, that it was impossible for those whom I am representing here, to afford your lordship any accurate information. We can give you facts from which you may infer that business men would not sell at a price which would not be some measurable distance in advance of actual cost of production, but from the nature of the case it is impossible that on our side of the investigation we can assist the court by accurate evidence of cost of production. Not so with our friends, the adversary. They have that knowledge within their own breasts. Anyone of these gentlemen who are so vitally interested in the inquiry which the government has here set on foot, could, if they pleased, have afforded to your lordship accurate, definite information from their books to show cost of production, and from which your lordship could have compared cost of production with cost to consumer, and have deduced at once an answer to the vital inquiry, whether or not the present prices are unduly large.

Now, that being the case, it is a matter of comment, a matter upon which I desire to comment with such emphasis as I am able, that no one of the witnesses who have gone into the box on behalf of the Paper Makers' Association has given us any evidence of any value as to the cost of production. No one at all has spoken of it with the single exception of Mr. Barber. Some have, as I should show your lordship, refused to give information, have deliberately disadvantaged, withheld from the court that which would be of so much importance if it had been disclosed. But, with the exception of Mr. Barber no one has spoken directly, and with regard to Mr. Barber's testimony I have many observations that occur to me to make, some of which I will try and present as showing an extraordinary thing, that he of all men, should have been the one selected to testify upon that point. We had, as your lordship will see from one passage at any rate, if not from more, in the evidence of Mr. Tarte, a word or two of indirect testimony as to expense of production: all that we could and that was all that stood before the court when Mr. Barber went into the box. Mr. Tarte says at page 15 of the evidence, given by him on the first meeting of the commission at the foot of the page, that he had been in discussion in this respect with the McArthur house of Joliette, and this is what he says took place: 'A very important manufacturer told me some time ago, in Montreal, in the presence of one of his employees that he was under control, that he made a deposit—I cannot say whether it is three or five hundred dollars, but that he could not, under any circumstances, sell me paper below the ordinary prices, but that he was very anxious to get my business, and if I could suggest some way for him to get out of it, to tell it to him, and I said: Since

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one year I have been doing all kinds of things and he suggested to me that he should make us a reduction, and giving some advertising in the columns of *La Patrie* to compensate the difference in the price, and he told me that his paper was costing him something below two cents; it was costing him a little dearer than before, because not having the pulp, some of the big mills were trying to keep him down, but, however, if he was allowed by the association he would think of certain things and he would get out of the association to take my business.' He was pressed to say who it was, and he finally said it was the McArthur house of Joliette—and he told me he would consult the association.' So there was a piece of testimony in our favour, that that gentleman had told Mr. Tarte that the actual cost of paper to him was a little under 2c.; something below 2c.

Now, that being all the evidence there was upon the point, and that being given on the 28th of May; on the 3rd July Mr. Barber attends, coming a distance of about 400 miles to Montreal to give testimony, as the first witness called by the Manufacturers' Association in this matter. He comes with a statement prepared, of the cost to him of producing 100 pounds of paper in the different years,—1898, 1899 and 1900 to the present time. Now I do not wish to be understood for a moment,—I do not wish to be misunderstood, and do not wish to be understood for a moment as suggesting that Mr. Barber is not a gentleman who would tell truthfully everything that he stated in the witness box. I am not imputing anything of the sort, in the nature of misrepresentation to him, and don't wish to be so understood. But I point out how unsatisfactory evidence of that sort necessarily must be, when it takes the shape, as Mr. Barber's statement does, of assigning to the cost of producing 100 pounds of paper so many cents, not in fractions of a cent at all, but so many cents for wages, so many cents for coal, so many cents for cartage, for felt, for wires, for repairs, for general expenses, aggregating as he does in the year 1898 \$1.94; in 1899, 3 cents and a fraction less; in the following years \$2.00 and some cents in each case. That, I submit, is a most unsatisfactory kind of statement. Mr. Barber says he made it from his own private memorandum. It may be from his general books in this sense, and his general books would perhaps not show the whole of these details, although they would necessarily show the volume, the general nature of his business. But he assigns upon his calculation, a round figure, so and so, 20 cents to the hundred pounds; wages, 15 cents; coal, 10 cents; and other figures in the same way; not in all cases round figures, but in nearly every instance even figures. Now is that at all satisfactory? I urge that it is not. I urge that we are entitled to have, if Mr. Barber could give it, what the cost of production was with him,—better evidence than that, the evidence of his books themselves, which might have been submitted to the examination of an accountant upon our part, who would show us what amount of profit upon his manufacture Mr. Barber was making, how much upon those books year by year, the average cost of producing 100 pounds of paper was, what the production was, compared with the price. It would have been just as easy for him to give us a statement of that sort, for him to put us in a position to have checked his figures. These figures it is perfectly impossible to check. For these figures we have to take our confidence in Mr. Barber's statement, which is no better in any respect, in that regard, than if Mr. Barber had contented himself with saying in the witness box, without producing any statement at all: "I have estimated, and I say that paper costs me to manufacture 'this amount,'" that he mentions. Now, I call particular attention to that, because the gentlemen who were in a position to speak accurately were gentlemen of this city, Mr. McFarlane and Mr. Gilean of the Canada Paper Company, Senator Rolland, and Mr. Rowley of the Eddy Company. Not one hint is given by any of them as to the cost of production. It is a most significant circumstance when we find information of that value necessarily within their knowledge and not given to the Court. It is of peculiar importance for this reason: That Mr. Barber occupies a position of disadvantage in manufactory. Every witness who is called tells us that the men who are making the big money under present prices are the men who produce their own sulphite, their own pulp, and who are now charging high rates be-



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cause there are so few of them in the country, because they are able to charge scarcity, starvation prices, and to exact them from their less fortunate brother manufacturers. Everyone tells us it is they who are making the large profits on the manufacture of paper to-day. Mr. Barber is not in that position. Mr. Barber has to buy, and possibly for that very reason it is Mr. Barber who alone ventures to tell us anything as to the cost of production to him. Now, Mr. Barber is unwilling to name, as your Lordship will not fail to notice, any minimum price as that at which paper can be manufactured with a profit. I pressed him to do so. On page 12 of his cross-examination I asked him the statement, how low he would put the lowest price at which under the most favourable conditions, prior to this agreement of 1900, paper, news print, could be sold and yet realize to the manufacturer a profit. That he won't state. 'You are asking me a question that I don't think I should answer, because I am not in the secrets of either of those large mills that make paper for export as well as for home trade.' I pointed out to him that he should be thoroughly cognizant with the secrets of the business. He says: 'I know what it costs me to make my paper. I buy my own sulphite, my coal, and my ground wood. There are mills in Canada who do not do these things.'

Now, if we had Mr. Rowley who represents a company who manufacture their own materials, we should have had the evidence of a man who could say, what under these circumstances would have been the cost of manufacturing. I think we could show a much lower price than could Mr. Barber, buying these commodities. Mr. Barber says \$1.94 was the price; then he is purchasing powder, and buying his raw material, he can manufacture, but whether or not at a figure paper could be made and sold at a profit he is not willing to state. In that connection it is not merely significant, it is important to notice the testimony of Senator Rolland at pages 117-118. He says there: 'It is only mills who have their supply of ground wood and chemical pulp that can manufacture newspaper at a paying price. Our having to buy these from the manufacturer, we cannot make it pay even at the prices fixed by the market. And for that reason, because he has to pay to the producer of sulphite and ground wood, so large a price, he goes out of the manufacture of news print paper. Mr. Barber has not wholly gone out of it, but Mr. Barber manufactures in a small way. He tells us so. He goes out of it so far as he can. He devotes himself to other lines of trade, just because having to pay these large prices for raw material, he cannot compete with those other mills in the manufacture of news print at a profit. His capital invested, only something under \$200,000 at the outside, is, as Mr. MacFarlane places it, a very small capital comparatively, not anything like the cost of one of the mills of the Canada Paper Company, or anything like the cost or the amount of capital that would be invested in a concern that was of large character, that was turning out news print for a profit, and was in a position to manufacture it economically. Then that being the secret of the thing, that being the point of the matter where, as Senator Rolland says, great profit is in the sulphite and in the ground wood, that those three or four manufacturers who make their own, charge the others who have to buy it from them. There is the excuse that is put forward for the high price that is made since this combination of manufacturers, for those articles of raw material. Mr. Rowley is called to explain that. If you will, that is the whole object with which he is put into the box. He represented the Eddy Company, one of the fortunate three or four who manufacture the sulphite and the ground wood. And he seems to put it in his evidence in chief, as the result of providential considerations. Low water, and the absence of snow in the woods during the winter, and other considerations of that character are attributed to the increased cost of production. But when he comes to be examined; when he speaks first, one would have thought, to hear it, that the very stars in their courses fought against the people who were endeavoring to produce this commodity for the paper manufacturers. When one looks into his cross-examination it simply comes to this, that there being a time when the supply fell short of the demand, those who had the supply took advantage of the situation to put up the prices. No pretence that the cost of production was increased, the cost of production remained

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as before. But there was a time when the increased demand for paper caused by the wars spoken of enabled them to charge a higher price for the amount that they had on hand, and they promptly took advantage of the circumstances. That your lordship will find detailed by Mr. Rowley on page 132. He describes how they had no snow in their part of the country, and no frost. 'In the early part of the season, as a consequence, the output of logs was limited up to Christmas. Then there was a mild winter; a small quantity of wood comparatively was made before Christmas. After Christmas there were exceptionally heavy snow storms which prevented the laying up of the wood; then the snow went away very quickly in the spring; instead of rushing down, as usual, it dried up very quickly, and the result was, that about one-third of their drive was stranded.' Well, now, that all took place as long ago as 1898. However, he says it was repeated in 1899 and 1900, and that one-third of their drive which was stranded in the first year of low water was not lost at all; that one-third of the drive came forward the next year, with such freshets as there were, and the result is, that it is simply delayed twelve months in reaching the manufactory. It comes on in due course, and so coming on, though stranded temporarily, that material stands ready for production, and to put the whole thing into a nutshell, he says, on page 137: 'The result of all these things was, great difficulty in getting out these logs, getting one-third of them lost, owing to all these conditions' that were special in these two seasons. Now, that being the result—shortage of supply, a like condition applied to all manufacturers whose shanties were on the Ottawa and its tributaries. What happened? Those conditions prevailing, they were short 25 per cent or 30 per cent in their supply, and the result was, that those who had the opportunity took advantage of conditions to hoist the market price. 'I tell you for your satisfaction that we have had \$42 net cash for our fibre at the mills, &c.' Well now, that is no increase in the actual cost of production. It is simply the paper manufacturers taking advantage of the opportunity to hoist the price to those he sells to. For himself it costs him no more to get a smaller quantity of material. It costs him no more per thousand feet than it did before; wages have not increased, the cost of wood has not increased, but it is simply an opportunity to exact more from the men who must have that commodity, and to whom he sells.

So that the first and main element in the attempted explanation of the increase in the price of pulp wood and sulphite, they have failed to explain. What other particulars are put forward? That sulphur was contraband of war, and it was very difficult to obtain, and sulphur was, of course, a thing they had to buy. Now, we were rather surprised to hear Mr. Rowley put forward such a consideration as this. It was analogous, if I might say so, to Mr. MacFarlane speaking of soda fibre, that his mill used, putting forward an increased cost of bleaching powder. When he came to be cross-examined about it, your lordship will find he finally said the cost of bleaching powder is but a bagatelle, and cuts no figure in the actual cost of producing paper. Now, in the same way that Mr. Rowley put forward the consideration in a strong way, that the sulphur was contraband of war; when we came to examine into it, by the evidence of a man who knows, we find that that commodity, too, is of such trifling importance that it cuts no figure. In the evidence taken in New York of Mr. Dillon, of the Great Northern Paper Company, he being, as he describes to us, the vice-president of the Great Northern, and for a number of years connected with the manufacture of paper in the United States, under examination as to the extent to which the cost of sulphur enters in the manufacture of paper, tells us at page 216, after considerable examination about it, that while it would bear some proportion, it would bear no large proportion; and finally asked what proportion of the cost of making paper would be attributable to the cost of sulphur: 'I would not consider it an important item, but I might add that the clothing of the sulphite mill and every other article increased in cost.' So that the reasons put forward by Mr. Rowley called for no other purpose than to justify the reasons Mr. Barber had spoken of, as to the cost of fibre, sulphite and ground wood, seem to fall altogether to the ground. There has not been any such increased cost, as

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as is evident enough by the evidence given by Mr. Spicer, of the International Company, when examined in New York. He was the man who was last of all in New York, and who was frequently alluded to before going into the box as the man who could testify about all these matters. Mr. Spicer, representing the International Company, as I said, the manager of one great division of their business, was assumed to be perhaps better than any other witness who had been sworn upon this inquiry, in a position to state accurately such things as we were interested in materially and particularly in knowing. Your lordship will remember from the evidence as disclosed as to the position of that huge organization, the International of the United States. Formed some two years ago, and absorbing practically the whole output of the Eastern or New England States, as they then existed, with a capital of some \$55,000,000 and in a position not merely to control, but to monopolise the whole manufacturing trade of the Eastern and Northern States. As witnesses, who were examined in New York testified, what we could see without evidence, that the whole trade in paper in that section of the United States is practically limited to the mills of New England and New York, simply because the freight from the west, especially from mills west of the Mississippi, would be prohibitive upon production and competition. No supply practically for the New York markets, or for the consumers of the New England States is drawn from any point west of the Alleghanies. And throughout the section of territory, the New England States and New York, the International is the firm practically monopolising the whole of the output of these States. It was so large in its operations, as witnesses testified, that it even controlled from 75 to 80 per cent of the total output of the United States. It now produces from its various mills, some thirty or more in number, fifteen hundred tons per day, and the only competing company is the Great Northern, which went into operation some twelve months ago, and which is now turning out two hundred and seventy-five tons a day. These constitute between them nearly the whole, comparatively, of the output of the United States. The total output being slightly over 2,000 tons per day, these two companies between them actually contributing to that total output of 2,000, or contributing an amount of over 1,775 tons.

Now, Mr. Spicer spoke then with authority, as the representative of that large organization, went into the witness box in that position, one would presume to tell us accurately something definite as to the cost of production.

I invite your lordship's attention to his cross-examination upon that point. He was asked nothing about it in chief. At page 232 and the following two pages, your lordship will find the efforts that I made to induce him to state something that would be accurate and definite upon that very important point. He had testified as to a transaction in which he had actually sold to a consumer in Canada, paper at the rate of \$2.00 a 100 lbs. f.o.b. at the mills. I asked him what figure he could have afforded to give the consumer on that sale and make a living profit. He answers: 'I would not answer your question of that kind. It is a subject a good many people are interested in, to know what we can afford to make paper for, and I would suggest that the best means of obtaining that information is, to become a paper manufacturer.' A distinct definite statement that he declines to answer. Asked at what figure he could have afforded to sell and yet make a living profit, we have the refusal to say. I pressed my answer and I said: 'Is that a question you prefer not to answer?' 'I don't think it is a fair question,' he said. I put the question to him again. 'Assuming that I go with you to that very consumer with a proposition such as I mention, to take ten tons, say, for a year, could you have afforded to reduce the price of the material below 2c. a pound?' 'A. I don't think it is possible to answer the question without having the firm offer in hand.'

'Q. You would not like to answer that question upon any other basis; you would like to see the offer in writing?—A. No, sir; we might want more.

'Q. Well, I would like to press the question to this extent?—A. As to what we could make an offer at? I don't regard that a proper question for an answer.

'Q. Will you answer me or will you decline to answer. It is entirely at your option?' He replies: 'I want to treat you fairly.'

I asked him the price at which he could afford to make it. He says: 'At what price we could afford to make it?' I say: 'Yes?' He says: 'I think it would be impossible to give you an answer based upon assuming conditions that don't exist.'

'Q. If I go to you with an offer of 10 tons a day for a year's consumption, of the quality of paper that you sold to the Canadian consumer during the present year for 2c. a pound, to take from you ten tons a day, could you afford to let me have it at \$1.90 and under?—A. There is no evidence that there is any such customer of paper in Canada.' I asked again: 'In other words, you would not tell me what it costs you to make a hundred pounds of paper?—A. Most certainly not.'

There, at all events, is a distinct withholding of information by a gentleman in a position to know, by a gentleman qualified to state, by a gentleman called by the Manufacturers' Association to assist their case before your Lordship. It is not assisting the court. It is deliberately withholding from the court the information which would make this report a report based upon facts, and a report upon which the whole community, the whole manufacturing and consuming community of the country could with confidence rely.

Now, necessarily, from our position geographically and politically, the price of this commodity as of any other commodity in open market in this country, must be more or less affected by the price and the corresponding conditions of a like commodity in the United States, and accordingly there has been considerable evidence at early stages of the inquiry, with regard to the prices in the United States.

Now, with reference to those prices which particularly formed the subject of the evidence which was adduced from those manufacturers in New York City, let me premise this: That with so large a proportion of the output in those States controlled by the International Company, with practically the whole of that output now in the hands of the International and the Great Northern—I speak of course, of the area of consumption limited by the New England and North-eastern States; with that position of matters existing there is no real competition. There is nothing else than practically a close corporation, than the most practical possible combination, and the most effective control upon prices at the hands of the Great Northern Company. But more than that, we have in this evidence taken in New York, the most important statement, not perhaps accidentally made, but casually stated, by a gentleman who has felt the effect of it, and who states what they are struggling against in the United States. Mr. Duffy, a dealer in New York, not a manufacturer, a member of a large firm of wholesale and retail dealers in paper, is under examination, and this is what appears at page 189 of his testimony.

'Do you know,' Mr. White asks him, 'any minimum price fixed by manufacturers in the States, any association of mills here?'

'A. No, I have no personal knowledge of that. I have heard of a gentleman's agreement, so called, but that was done with a view of making people like ourselves pay a good price. In fact it was aimed at us, in my judgment, more than it was at the publisher.' Now, I do not care at all whom it was aimed at. What is it but an understanding existing among a few manufacturers, which, whether it is called a 'gentleman's agreement,' which, whether it is preserved under the sanction merely of honor among themselves, or under, what Mr. Woodruff designated here as a more effective sanction, a money penalty, is a combination, an agreement, an association, whether among a dozen or between two, by which the price to the buyer will be maintained at a figure higher than otherwise it would be.

Mr. Duffy, a purchaser, Mr. Duffy, not a publisher, not the ultimate consumer, but a dealer, a purchaser from the manufacturer, a seller to the consumer, says that it is aimed at him, and it is apparent there was, as he had heard and has felt, a gentleman's agreement, so called among the manufacturers. He had felt the effect of it, as he went on to say further on in his testimony at page 202, in its prices. 'As you understood it,

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just an understanding among gentlemen,' I said to him, 'as the prices at which they would you deal for their commodity?—A. Yes, and in a measure eliminate the middle-man.'

Q. You could not give me any more accurate information about it, more than you felt the effect in your business?—A. No, not being a party to it. We felt the effect of it very seriously.'

• Now, if you have that condition of things existing in the United States, which, by geographical conditions, is isolated from the other part of the country, you compare prices as they rule in the United States, with prices as they obtain here under such circumstances, will bear no comparison at all, as indicating the difference in price induced by the free exercise of the laws of supply and demand, but a price controlled by an organization, whether under the sanction of a gentleman's agreement, binding in honour or of an agreement, such as exists here, binding upon the pecuniary interests of the individuals who enter into it.

But we have the distinct testimony of these gentlemen in the United States as well as those witnesses called here as to what ruling prices were in the United States during the year 1900, and I refer very briefly to the testimony of these witnesses upon that point. This same gentleman, Mr. Duffy, tells us at page 191, that during the year 1900, during the fall months of 1900, there was a very noticeable advance with them; that prior to the rise which took place as late as October, he thinks, or September, he was purchasing at about \$1.75. Later in the fall he paid as much as 2 cents. They had not yet felt its full effect; they did not feel the full effect until early spring, but when that rise was felt, the ruling price was about \$1.75 to 2 cents a pound, when they had felt the effect of the combination or of the monopoly to a certain extent. Then he states also at page 196 that on the thirtieth day of December last, he made a purchase of 7,000 or 8,000 tons of paper at \$2.15 f.o.b. dock, New York, bought on the thirtieth day of December. That made the paper cost, he said, 'when we carted it, delivered it, took care of the publisher, as we have to do, &c. The International would not do anything but put it on a dock, and they generally put it on a dock from which which it had to be removed within twenty-four hours, necessitating the paying of insurance, and other expenses,' which he mentions. 'Up to that we did not have anything at 25. I think we paid 40 or 50.'

Now, there is one instance, at all events of a purchase of a very large quantity, a purchase from the International at \$2.15, when in this country the same article is costing every person who purchases it, \$2.50, a very substantial and material difference. Then he give a quantity of other evidence upon the same subject, which I shall not now ask your lordship to hear me refer to in detail, but all of which is certainly well worth careful consideration. Mr. Ross had stated, your Lordship will no doubt recall, at the opening of the inquiry here, that in January, 1901, the ruling price which he found existing in the United States was from \$2.00 upwards. That is at page 13-14 of his testimony. He wrote to a number of papers in New York State asking them at what price they were being supplied. They were newspapers of about the same circulation as the *Journal*. He got replies. He says there were two at higher than \$2.50; one was \$2.60, and the other papers, four or five, were lower than the Canadian combine prices. One was at \$2.40; one at \$2.25; one at \$2.15, and one at \$2.00 per 100 pounds. So that his investigations as to what newspapers in similar position to himself were actually paying, would show that some were getting as low as \$2.15 and \$2.00 up to these higher figures, and four out of seven or eight publishers to whom he applied, were being served at substantially lower figures than the combination prices here.

And then we have the evidence of Mr. Tarte on the same occasion as to what he was told on that subject by Mr. Scrimgeour of New York, who was afterwards called as a witness in this inquiry. On page 10 and afterwards on page 21 of Mr. Tarte's evidence he speaks of his interview with Mr. Scrimgeour. 'I asked him,' he says, 'what were the papers in New York paying. He told me they were selling paper at \$1.70, \$1.80, \$1.85 and \$1.87. He offered me paper at \$1.87 f.o.b. New York.' That

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was in April of the present year. 'He offered me paper f.o.b. New York at \$1.87 or delivered in Montreal at my office at \$2.48, duty paid, delivered as I wished. That was for a better grade of paper than the paper I am getting to-day at \$2.50.' And then he had more than one interview with him. He says: 'That was in the morning he came to see me, and he came back in the afternoon, and he had communicated with the house. I told him at that time that some of the paper mills in Canada had already offered me prices; two or three of them offered to leave the combine prices and give me paper, had used some other means to give me paper, so as to secure my business. I told him that. He made up his mind that he would make an offer for \$1.70, f.o.b. New York, and then adding 17c. for freight and forty-five cents for duty would bring down the paper below \$2.40 per 100, and 5 per cent discount.

Now, I was referring in the first place, was referring specifically to that offer to Mr. Tarte, to what Mr. Scrimgeour there stated to Mr. Tarte as to the ruling prices in New York, from \$1.70 up to the higher figure that he mentioned of \$2.40. That evidence is not in any way alluded to by Mr. Scrimgeour when he comes to be called a fortnight ago. That stands uncontradicted. Then Mr. Barber says, at page 18 of his testimony, that in the year 1899 paper was selling in the United States as low as \$1.80. Finally, Mr. Scrimgeour called with reference to his interview with Mr. Tarte, when examined as to current prices and terms in the United States tells us the different figures at page 162 of his testimony. Now, he is connected with the Manufacturers' Paper Company who are selling agents for several mills, not operating mills themselves, but he is assistant to the general manager of that company so dealing in paper. At page 162, he says, speaking of the terms on which they sold, and the ruling prices during the year 1900: 'At that time, in the end of April and first of May last, was news print selling in this country at 2c. ?—A. There had been some contracts made at that price.

'Q. That might fairly be said to be the market price for some grades ?—A. Below the market price; it was rather below the market price; it was rather below, but there were contracts made for it; there were some for the largest consumers.

'Q. At the mill or at the newspaper office ?—A. At the newspaper office.'

'Q. How about waste; was waste returned to the mill ?—A. No, sir, it was not returned at any time.'

'Q. It was a loss to the consumer ?—A. It was returned at 75 cents a hundred; it is worth that to the mill as paper stock.'

So that they were selling at \$2 and upwards, making contracts at \$2, allowing 75 cents a hundred pounds for the waste returned at the time when the combine here had forced prices up to \$2.50.

Then see Mr. Squier's explanation of that increase of price.

Mr. Squier, the second witness called in New York, being one of the partners in this large wholesale firm of Perkins, Goodwin and Company, is asked on page 195 to explain the advance in prices. He says at once: 'On account of the combination of the mills of the International Paper Company and local reasons orders advanced in some mills during the Spanish war, which made a great demand for paper.' Then, speaking of the organization of the International, I asked him if there were mills outside of that company: 'Oh yes, a good many.'

'Q. A good many ?—A. Yes, there are now; there were not at the time. Most of the large mills were included in it; there were some, however, left out.'

As I pointed out, the few that were left out were practically out of it as far as competition was concerned, in all New England and Northern States.

Well now, Canada ought to be able to produce paper as cheaply as the United States, as cheaply as any other country in the world. That, we might say, might appeal to the intelligence of us all, to your lordship's knowledge of the conditions which exist throughout the country, without being testified to by any witness, and Mr. Gillean has told us so at pages 96 and 97 of his evidence: 'Could it not be said generally either of Canada or the United States, that the one country could, suppose there were

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nothing to regulate prices more than the natural play of demand and supply, produce more cheaply than the other?—A. Given the same conditions, we ought to be able to produce as cheap.

‘Q. What do you mean by conditions?—A. Supply and demand.

‘Q. Raw material ought to be cheaper here?—A. Yes, fully as cheap.

‘Q. Is it any more expensive to bring a supply of wood to the factory in the United States than in Canada?—A. I think not.

‘Q. There ought then to be no advantage in favour of the United States producer as far as this pulp wood is concerned?—A. Not much.

‘Q. Would there be in respect of any of his other raw material?—A. I think not.

‘Q. Taking it generally, the Canadian manufacturer ought to be able to produce quite as cheaply as the United States?—A. Yes, if we had as large orders, the same size orders.’

Now, if that is so, prices ought to be the same under the same conditions, if they were left to the natural play of supply and demand. Why are they not so? Why, but that a combination exists here amongst the manufacturers, having for its purpose and object the maintaining of prices at a higher figure than the natural effect of the amount of demand upon the supply would cause. No other reason can be assigned and just to the extent to which competition from the outside is prevented by the duty which the Government imposes, which Parliament imposes upon the importation into this country of paper manufactured outside, just to that extent the consumer is putting that amount of percentage into the pocket of the manufacturer for every hundred pounds of paper he buys. There can be no possible escape from that conclusion unless we show your lordship, unless it is shown to the court, and unless your lordship can report in answer to this Commission that conditions vary, that cost of production is greater upon the other side of the line than here. If we find under similar conditions they are able to produce at a lower figure than we can here, then we are entitled to argue that our Canadian manufacturer can produce at the same figure, and the amount of profit he has, is simply increased by the 25 per cent of duty, because but for the existence of that duty he would be on a level with the producer in the United States and would still at the same price realise just the same profit. If the United States producer can make it worth the while of the Canadian consumer to pay the additional freight for the longer haul thereby occasioned, then to that extent the Canadian manufacturer is protected by the geographical conditions surrounding him. To that extent he is entitled to the benefit or to the extent to which he is artificially protected by the imposition of the duty, he is enabled to take that additional amount of the consumer and put it into his pocket. His cost of production is no greater, there is no reason to enhance the price; the price is unduly enhanced by the effect of this combination taking advantage of the duty which Parliament has imposed. Now, if we find under the existing condition of things, and in face of the price which these manufacturers have created for their commodity; if we find that men who have to consume can actually import, and do import, and do thereby get their product at a less rate than they have to pay for that product to the mills here, we have clearly and thoroughly established a case of undue enhancement of the price, and the evidence does establish that condition of things.

Take first, in that respect, the testimony of Mr. Tarte. Mr. Tarte tells us that he was actually in negotiation with a country so far distant as Austria, and that he found as a result of those negotiations that he was able to lay down here in Montreal, paper manufactured in Austria at a price a trifle lower, after paying cost of carriage half around the world, than the combine was charging him. On page 5 of his testimony he describes how, a few days after he had made his contract with the Laurentide Company, which contract, he says, still exists, there came the question of fixing details. He had been then trying all the manufacturers of New York; he had gone to New York himself; he had gone into different States of the Union in his effort to obtain this necessary commodity at a sufficiently low price, and having spent hundreds of

dollars in cabling to Vienna for paper—‘I might say that at that time I was offered paper delivered in Montreal below \$2.50. I was offered paper here by the agent of the Austrian house below \$2.50.’ That is the combination price. That is the figure at which the Austrian competitor, under the conditions of long carriage, which would naturally protect the manufacturer here against any competition from him, was able to lay down his wares in this very city. At page 25 of his cross-examination to Mr. White, he is asked:

‘Q. Now, when you applied—you did in England, I think, or in Vienna, were the quotations you then got, for shipment to Canada, for Canadian delivery, or delivery there?—A. We got cables. Of course, this is out of my memory a little, but I know I would have saved a few cents.’

It was not sufficient saving to compensate for the additional risks of the contracts, with a basis of supply so extremely far distant, and where any vicissitudes of carriage might occur in transmission of the wares, would possibly lead, if any unforeseen accident took place, to a cessation of supply at any critical moment, but it was, so far as the actual money question was concerned, a difference of a few cents in favor of the Austrian producer. Then an incident occurs, or two incidents, in that connection which are of utmost significance. This gentleman, whom I have mentioned, Mr. Scrimgeour, representing the Manufacturers’ Paper Company of New York, came to Canada on the 30th of April and 1st of May of the present year. He knew perfectly of the existence of a combination among the manufacturers in this country. He knew its effect; he knew its prices, and he came here prepared to undersell, if he could obtain any one who would buy. Mr. Tarte testified in regard to his interview with Mr. Scrimgeour. Mr. Atkinson of the *Star* in Toronto, also testified, and finally, a fortnight since, Mr. Scrimgeour went into the box in New York and testified in exact accord with what they said. We have the three men concurring exactly in their narrative or what took place, and see what it was: Mr. Tarte says first at page 11 of his testimony—I have already called your lordship’s attention to it that Mr. Atkinson came with a sample of the paper—‘a better grade than the paper I am getting at \$2.50, and he offered that paper to me for \$1.87 in New York, or delivered in Montreal at \$2.40 duty paid, and delivered as I wished.’ Then he told me, as I have read, he did not care for the small saving it would mean, and after conversation in the morning he came back in the afternoon, having communicated with his house, he offered it finally for \$1.70 f.o.b. New York, which was 17c. for freight (page 187) and 45c. for duty at 25 per cent ad valorem would be \$2.32, substantially lower than the \$2.50 which was at that time the ruling price which was established here by the combination. That is Mr. Tarte’s account of it, and it, your lordship will have noticed, was a better grade of paper than the paper that was being supplied to Mr. Tarte by the Laurentide Company here. Then Mr. Scrimgeour went on to Toronto and saw Mr. Atkinson of the *Star* the following day, and Mr. Atkinson details at page 76 what took place between them. He says: ‘It was the same as used in the *New York Herald*, Sunday edition, a much better class of paper, I consider, than any paper being used in Canada, that I had seen.’ And as we have had testified to us by Senator Rolland: ‘The paper used in the *New York Herald* is a better class of paper than any used in Canada.’

Now, that paper Mr. Atkinson has produced to him by Mr. Scrimgeour as a sample. ‘The agent,’ he says, ‘offered me in my office to supply me with paper at \$1.80 f.o.b. near Watertown, with a freight rate of 21 cents, making the paper delivered in our office, without duty, \$2.01 per 100 pounds.’ That, of course, with the duty on was really not much, because there was no use buying paper without the duty on, but without the duty would be a very considerable reduction.

Mr. Scrimgeour, asked about both these circumstances, says:—‘Certainly, they took place exactly as narrated.’

His offer to Mr. Tarte was \$1.85 in the first place, his offer to Mr. Atkinson was \$1.80. He says he did that because the freight to Toronto was five cents more than the freight to here. Now, see what that signifies when you isolate the element of duty: \$1.85 in New York with 17 cents freight to Montreal, \$2.02: \$1.80 in Toronto



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with 21 cents freight, or \$2.01. This gentleman here representing the Manufacturers Paper Company comes to Canada to get orders, makes offers of contracts, which, if there were no duty in the way, would enable the consumer here to buy his commodity at \$2.01 or \$2.02 per 100 pounds instead of \$2.50. The duty is just 25 per cent ; that is added on there, and it is extra profit to the manufacturer. The cost of production in either case is under the \$2.01 or \$2.02, at which the commodity is offered. Cost of production plus the living profit to the manufacturer amounts to \$2.01 or \$2.02, the additional 50 cents is simply duty, is simply enhanced profit which goes into the pocket of the manufacturer out of the pocket of the consumer.

Now, these offers being made by Mr. Scrimgeour, he was called, as it were, to explain why he had made them. Not that they were in any way erroneously stated by Mr. Tarte and Mr. Atkinson, but in the effort to belittle their importance, and your lordship will find in the evidence of the first witness called in New York on page 147, he says he came here on the 30th April to see Mr. Tarte, and offered him news print paper, quoting him \$1.85 f.o.b. cars at the mills net. He made a calculation, he says, as to what it would cost him off the cars in Montreal, and it would be \$2.48 per 100 pounds. Coming here with that offer, he knew, he says, at page 153, that the price established by the combination in Canada was \$2.50.

'Q. Was that a factor,' I asked him, 'with you in making your quotation?—A. Yes.

'Q. You designed a quotation which would be practically equivalent, or a few cents under?—A. Yes.

'Q. I do not understand you, that the sale at these figures would have been any loss?—A. No, sir. It would have been a loss in the sense that we might have got more money here for the same paper.'

Just the question your lordship put this morning to Mr. Graham : 'Not actually a loss, comparing the price of sale with production?'

'Q. Are you in a position to say (at the foot of page 155) whether, had that contract been made and carried out, the manufacturer would have sold at a loss, as compared with his cost of production?—A. He probably would have made a profit on it.'

Now, that was a better quality of paper, substantially a better quality of paper than the paper used by the leading newspapers in this country. He was prepared to carry out that quotation.

I ask him on page 156 : 'Were you prepared to carry out your quotation?—A. I was prepared to make contracts with them.

Q. 'At that figure?—A. Yes.

'Q. And to any extent they desired within reasonable limits?—A. Yes, within reasonable limits.

'Q. What quality of paper was that?—A. It was ordinary newspaper,' which he called No. 2 News in the grading of the United States.

Then I showed him a copy I happened to have with me of the *Toronto Globe* of the day before, and asked him its grade of paper. He says : 'That would grade as an inferior quality of No. 2,' it would be below his No. 2 ; it would pass as No. 2, he says, but a low grade of No. 2.

'Q. Inferior to the quality of paper you were quoting on?—A. Yes.' Then, going on, about the comparison of the grades he says on page 161 : 'The quality of the *Globe* would hardly sell in this country at all for newspaper purposes.'

'Q. Supposing you did find a customer willing to take it, what would you say you would offer to sell that at, how much under the other grade, such as you were quoting?—A. Probably 5c. a hundred, that is, 5c. a 100 under their No. 2.'

'Q. Why is it inferior?—A. What is there about it that makes it inferior?—A. It is rough and coarse.'

Then he says on page 169, having been re-examined by Mr. White as to the motives that led him to come into Canada, which were, I might say, to counteract the demonstration that he apprehended the Canadian manufacturers might indulge in against

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the export trade to the Old Country; to counteract that, he came with those quotations, and, as I have read to your lordship, perfectly prepared to make contracts, and finally after having been re-examined on that point, to make the matter clear, a good deal of questions were asked him at page 169 by me: 'I was prepared to make contracts in Canada, but at the prices I was quoting, I felt sure of the fact that my quotations would not be accepted' because he was quoting, as your lordship will see, just one cent or two cents under the Canadian price. However, had anyone offered to contract with him, he says 'I would have made a contract.' So he came here prepared to make contracts and with a sample of paper which was that degree better than the paper in ordinary consumption here. Well then, there is just in that connection one further incident that I have to call your lordship's attention to, testified to by Mr. Atkinson and Mr. Spicer. Mr. Atkinson of the *Toronto Star*, at page 75 of his testimony tells us that having made a contract at combination prices, he says, he continued to pay that up to the present time, but there was one portion of the consumption of his paper not included in that contract. 'For that paper I have been looking about in the past few months for a supply. I have communicated with publishers in the States, and they bought some paper from the International Paper Company, New York. The price of that paper was 2c. at the mill, Corinth, New York. I got half a carload. That was a much better class of paper than any paper used in Canada. The freight upon the half carload was high, as it was more or less a sample order. I did not wish to order a car; they sent me half a car at the same price, 2 cents and the freight added, 44 cents from Corinth. I wrote the company and they told me that that was due to my only taking half a car, but if I would give them further orders, in carloads, the freight could be brought down to 25 cents a 100 pounds which would make the cost \$2.25 delivered in our office, for a quality of paper better than I am using, and better than I have seen used in Canadian newspapers.'

Mr. Spicer was asked about that subject on page 227 and 228. He says I asked him distinctly—'when you sold at 2 cents a pound or \$2.00 a 100 pounds, did you make a loss? He is the gentleman who refused to give any information as to the actual cost of manufacture in the International. He says: 'Well, in making a sale, I assume that I do not; although I do not personally know that that was true.' On the next page: 'you were quite content to continue supplying him at that price as much as he wanted? A. He has not offered me an opportunity yet.'

'Q. I do not ask you as to the event, but as to your own willingness to supply him. Would you be quite willing to supply him under those conditions?—A. Yes.'

So that Mr. Spicer is quite willing to continue to supply to the consumer in this country, paper of a better quality than the paper that the manufacturers here are charging \$2.50 for. Mr. Spicer is perfectly prepared on behalf of the International to supply at 2 cents at the mills in Corinth. Of course, the freight and the duty added, make the cost of that to the consumer here slightly more than combination prices, but the cost of production the same. We have the same fact, that the producer here is able to produce his 100 pounds of paper at such a figure as will net him living profits; then to his 2 cents is added 50 cents by virtue of this combination he has entered into.

Now, that, we urge, is plain evidence of an undue enhancing of the price as the result of this combination. And we have not merely that undue enhancing of the price by effect of the combination, but we have other circumstances of disadvantage to the consumer, of advantage unto the manufacturer, unduly promoted by the association, which equally is obnoxious to the law. When the period of credit, the ruling period prior to the formation of this association was four months, by this combination, by the terms which they imposed on the consumer, that period of credit is shortened to three months—a certain element of advantage to the manufacturer as against the consumer. The right to return waste is an important consideration which the association has destroyed. That right to return waste was one which formed a feature of all contracts when regulated by the law of supply and demand. That right, Mr. Scrimgeour said, the manufacturers of the United States freely conceded. Not, it is true,

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at the same price at which they sold ; at a reduced figure, because the material can be utilized as stock. Here, this association presumes to say : ' We shall not sell under such terms as heretofore. We will make you take and pay for, even though you waste this extent of unused paper, which we can utilize,' either at the same figure at which they sold it, or at some smaller figure. Mr. Barber says that circumstance makes a difference, in his judgment, of from 5 cents to 15 cents per 100 pounds in the cost of paper to the consumer. Your lordship will find him state at page 21 of his testimony here : ' Depending on the offices, when competition governed prices,' he says, ' they had to get rid of their output at the best terms they could, and they had to take returned pound for pound, and give credit for the waste, but when the association got control, they quit that,' and as to the extent of the difference it would make, he says : ' In a fairly well managed office, it would not come up to much more than 5 cents, but in some offices it might come up to 15 cents, so that it varies from 5 cents to 15 cents.'

Mr. Tarte also speaks of that circumstance at page 5. He says : ' Prior to the association, paper makers have always been allowing us a reduction for the wrappings off these rolls, which amounts to 12 per cent or 15 per cent on rolls. They had been allowing us for the white paper. Now, there has always been a considerable amount of white paper wasted. I had been buying from almost every mill in Canada. All these mills used to take it back and allow me the price I paid for it. When I put that into the contract with the Laurentide Pulp Company I was informed by Mr. Gascoigne and Mr. Alger that the association had not provided for this, and that the rules of the association were so and so, and I must abide by it ; that there was no discount to be allowed for cash payments ; that there was no discount to be allowed for white waste or for the wrappings of the paper.'

Your lordship will remember Mr. MacFarlane justifying that change by stating that their twine cost them 10 cents a pound and they sold it to the consumer at 2½ cents, making a merit out of it. I wonder if they remember that the other merchants who sell their goods, that the tea merchants, for instance, do not wrap up their wares. This is a circumstance of undue advantage to the manufacturer at the expense of the consumer, which the association has caused.

Then, in that connection, there is a further circumstance of the equalization points that this association has established, and with regard to which, just one word. It is testified to by Mr. Barber at page 28, and your lordship no doubt understands the effect of it, so that I will be very brief about it. For some reason, the association establishes points, they say, because otherwise wholesale buyers who buy direct from them and sell to the same consumer would not have any advantage over the consumer who bought from a certain point with regard to which they charge a uniform rate of freight, and the consumer who does not happen to live at these points has to pay the additional freight. As a result of that, Mr. Dingman tells us at page 91 of his evidence, and Mr. Stephenson at page 139 of his, that they who happen to live in Chatham and Stratford, respectively, have to pay a difference of freight, 10 cents or 12 cents more for their paper than otherwise they would have had to pay. The establishing of these points is a perfectly arbitrary thing by the association, a thing with regard to which no justification can be made as to the geographical position of any particular point. They simply sell such places as they please and say, this place shall be, what we call, an equalization point, and any other shall pay the additional freight. Mr. Stephenson expostulates, and in vain. A reference to the correspondence which your lordship will find exhibited in his testimony, will indicate the efforts he made to get his town put on an equality with the town of Windsor, sixty miles further away, where the consumer had the advantage of the difference in freight.

This is simply a circumstance of disadvantage to the consumer to some consumers, but no advantage to anybody except the middlemen, which this association has created. I do not mean to say it had advantaged the purchaser at all. Mr. Barber says it has not. He says he was always opposed to it, but to protect some other person in common interest with themselves, this association undertakes to impose an addi-

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tional burden upon the majority of the rural consumers of paper throughout the country. They established certain equalization points, and by effect of that regulation they make the consumer who don't happen to live at these few points so established, pay an extra 10 cents or 15 cents per 100 pounds, to the advantage of some other person. That is a circumstance of advantage; that is a circumstance of disadvantage to the consumer, established, promoted and maintained by this organization, which is undue, which is one of the things the Statute intended should not be, and which I ask your lordship to take into consideration when framing your report.

Now, just one other circumstance in connection with the importation into this country of paper, is one of specially particular importance.

I have not seen the commission which is issued here, but from the discussion of its terms which I find spread upon the notes at the meeting in Toronto, when I was not present, I understand the scope to extend to all manner of printing paper. Now, a class of printing paper of very great importance to a large body of consumers in the country is 'book print.' The class of paper used, not for ordinary newspaper printing but for job printing, for printing of various sorts in general newspaper offices, not necessarily the production of books, but a superior or better quality of paper, ordinarily referred to as 'book print.'

It deserves some notice for this reason, from the evidence in regard to that, that the men who require it, import it to-day because it is cheaper to import it. Mr. Preston, at page 34 says: 'We buy ourselves, a considerable quantity from the States, paying 25 per cent and 30 per cent duty. That we never did until the last year or so. That is paper for job printing, book papers.'

'Q. Can you bring it in to advantage in competition with the paper manufacturers here?—A. Yes.' Mr. Dingman, at page 42 says, that he investigated the alternative of buying paper from the other side. He found that paper over there could be purchased at two quotations: One at \$2.12½ and the other at \$2.15, which, with duty and freight paid, would deliver the paper in Stratford at a trifle under the combine price, and then he describes on page 43: Adding the duty and the freight he could lay it down in Stratford at \$2.78½, as compared with \$2.85 under the regulation of the combine. And on page 46, that there has now been a reduction,—that I will speak of in a moment, but that otherwise those were the prices he was obliged to pay.

There is just one further thing in that connection that I should have noticed before leaving the rates in the United States. That is, to ask your lordship's attention to the testimony of Mr. Dingman, verified by the correspondence he produces, exhibits P-12 and following, showing quotations he obtained from Chicago during the month of March, 1901. They were prepared to sell at the mills for \$2.10 per 100, and \$2.12½. That is on pages 49 and 50. Then, Mr. Stephenson also imports his book print. At page 92 he says: 'We are buying our jobbing papers largely outside the country; we are buying in England and also in the States, and really I am not familiar with market prices of paper in Canada as perhaps as much as I should be, as I buy very little paper in Canada for the last year and a half in consequence of the increase in price.'

Now, we have their evidence that so far as that class of printing paper is concerned, the effect of the combine is that they simply import it, paying the duty, standing the loss and being simply that much out of pocket rather than submit, in preference, as a matter of business and financial expediency, in preference to paying the price that the combine has established.

There is just one other circumstance to which I wish to advert for a moment and then I have finished.

It is in evidence here that since this Order in Council was passed, since public attention was directed to this matter, and since the appointment of your lordship as commissioner to investigate, that there has been a striking reduction by this association in its price.

We find in the minutes of the association under date 10 May, 1901, a resolution reducing the price of news print to \$2.37½ per 100. We find the evidence, before we had

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the minutes, of the different gentlemen who had been made acquainted with that reduction, stating in their testimony,—Mr. Tarte in the first place, at page 17 : ‘ A very few days ago, since the inquiry was started, I have been offered paper, since the combine price has gone down, since Saturday, a week ago ’ on the 28th May, he says : ‘ The combine price is \$2.37½. I can get any terms I like. I can get three months, and we can get renewals for that. That is since three weeks.’

‘ Q. That is since this inquiry ?—A. Well, I don’t know.’

Mr. Young speaks of this at page 9 of his testimony : ‘ The last price is \$2.37½, with 3 per cent off, 30 days, in carloads. Previous to that it was 12½c. higher.’

Mr. Preston produces as Exhibit P-10, at page 29, a letter from the Canada Paper Company, dated the 11th May, day after. This entry in the minutes appears, in which they tell him they are pleased to say they are able to make a reduction on the price, on the car now on order, making the price now 2¾c., the usual terms and conditions. Trusting this will not be unappreciated, &c.

Now, what is the significance of that circumstance ? We think, of the very greatest. Is there any corresponding decrease in the cost of production ? Not one tittle of evidence of it. Mr. Barber goes into the box and tells us, according to his figures for this very year, no decrease of cost of production indicated by it, but May 1st, 1901, it is costing him, according to his evidence, \$2.15 to make 100 pounds of paper. He is paying \$36 a ton for his sulphite. Prices are maintained so far as his raw material is concerned, but without any drop in the cost of production. There is a drop of that substantial amount ordered by this association. Why ? Why, but that public attention was directed to their doings. Why, but that they sought, if they could, to temper the effect upon their organization or upon their price, of the blow they received when this commission was granted. We cannot but argue, had this inquiry not been directed, there would be no reduction in price. Similarly, I argue that upon the report which your lordship makes upon this evidence everything depends, as to the price this association will put upon the unfortunate purchaser. The purchaser is at their mercy. They control the market. Although there are mills outside their association, the price they fix is, as witnesses say, the price that regulates, and with this association in control of the market, the purchaser is helpless ; the purchaser is at their mercy, and must pay and return to the old figure of \$2.50, if your lordship reports that the present enhancing of the price is not undue. Just as if your lordship is in favour of the association, they may a month or a week later increase the price arbitrarily to 3c. or 3½c., or any other figure they please.

They are limited by the extent of the duty which is imposed. They can go just the extent of that duty beyond the cost of production here or in the United States. If they go too far beyond it, they, of course, will make it worth the consumers’ while to pay that duty and import his paper from the United States, but so long as they keep within the limits, so long as they do not, by their regulations, put into their pockets more extra profit than the amount of duty that is imposed, the purchaser is helpless in their hands, and we point to that circumstance made perfectly arbitrarily as evidence that with the same freedom wherewith they reduced the price themselves, they can increase it again if they desire, either resorting to the old figure or a higher one, if they think they can do it with safety.

With this, I will leave the case in your lordship’s hands.

MONTREAL, July 31, 1901.

By Mr. WHITE, K.C., representing the Paper Makers' Association:

May it please your lordship,—My learned friend has dealt so very exhaustively with the evidence, I think it will hardly be necessary for me to go very fully into that, but I would like rather to discuss with your lordship the principles, chiefly the legal principles, upon which this inquiry will be based.

The section under which the commisison has been appointed follows the terms of the Criminal Code almost exactly, that is, section 520 of the Criminal Code. This section is amended by 63-64 Victoria, chapter 46, and now provides that every one is guilty of an indictable offence and liable to a penalty, &c., who conspires, combines, agrees or arranges with another person or with any railway or steamboat or transportation company:—

*See* section 520, Criminal Code, as amended by 63-64 Victoria, chapter 46.

*See* Eddy on Combinations:

Vol 1., P. 121, Sec. 185.

P. 124, Sec. 189.

P. 128, Secs. 192, 193, 195 and 197.

P. 126, Secs. 199, 200, 203.

P. 127, Sec. 207.

P. 139, Sec. 225, note.

P. 141.

P. 200, Sec. 275.

P. 203, Secs. 288, 289 and 290.

*Central Shade Roller Co. vs. Cushman*, 143 Mass. 353, 9 N.E.R. 629.

*The Ontario Salt Co. vs. The Merchants' Salt Co.*, 18 Grant's Ch. Rep. 540.

*United States vs. Trans-Missouri Freight Association, et al.*, 53 Fed. Reporter 440.

*Com. vs. Carlisle*, Brightly, N.P. 36.

*Gibbs vs. Gas Co.*, 130 U.S. 369 Sup. Ct. Rep. 553.

*Cloth Co. vs. Lorsont*, L.R. 9 Eq. 345.

*Navigation Co. vs. Winsor*, 20 Wall 64.

*Beal vs. Chase*, 31 Mich. 521.

*Collins vs. Locke*, 41 L.T.N.S., 292.

*Johns vs. North*, L.R. 19 Eq. 426.

*Mogul SS. Co. Ltd. vs. McGregor, Gow & Co., et al.*, 1892. Appeal cases, 25.

*Hearn vs. Griffin*, 2 Chitty's Rep. 407.

*Wickens vs. Evans*, 3 Y. & J. 318.

Under this section, under the general law with regard to restraint of trade, we have a number of decisions, and I think the jurisprudence is pretty well defined.

I was rather sorry my learned friend did not deal with that aspect of the matter, because in arguing on the evidence as produced as to what would be an undue enhancing of the price, it seems to me we should be guided almost entirely by the jurisprudence. The principles are laid down very clearly in Eddy on Combinations, which I cite to your lordship, at page 125, beginning at section 192. Section 192 is:

'Inasmuch as it is legal for one man by competition to strive to drive his rival out of the field, it is lawful for two or more to combine for the same end, provided the means to be used are only such as the individual can use, viz., lawful means.'

Section 193: 'It is legitimate for any trade to obtain the highest prices he can for any commodity in which he deals.'

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Section 195 : 'It is legitimate for any number of manufacturers or traders to agree on the selling price for their manufactures and the division of their profits.'

Then, section 197: 'Combinations which have for their object the realization of a fair price for the product of their manufacture and even more, are not against public policy, though they operate against the restraint of trade.'

Section 199.

Section 200 : 'It is not contrary to public policy that two lawful traders agree to consolidate their concerns, and that one shall discontinue to become a partner with the other for a specific term, even though by such an arrangement the public have to pay more for the commodity in which the parties deal.'

Section 203.

Section 207.

Then, there are some Canadian cases to which I would like to refer your lordship. First of all, the Ontario Salt case. In that case several incorporated companies and individuals engaged in the manufacture and sale of salt, entered into an agreement whereby it was stipulated that the several parties agreed to combine or amalgamate under the name of The Salt Combine, &c.

In that case it was held on demurrer that this agreement was not void as tending to the public policy of being a monopoly, as being a restraint to trade, but that it was such in its nature as the court would enforce.

Then, here is a very interesting decision in the United States, 'The United States against the Trans-Missouri Freight Association and others' reported in the 53rd Federal Reporter, page 440. In that case it is very fully dealt with, at great length, and I invite your lordship's attention to it particularly as the particulars are very fully discussed. I need not read the detail holdings. Then the case of Gibbs against the Gas Company, 130 U. S. Reports, page 396; also reported in S.C.R. 553, U.S. In commenting upon this case, in his judgment, District Judge Reiner said : 'It will be seen,' &c. I will send all these references to your lordship.

Then there is a leading English case, which has been frequently referred to, of the Mogul Steamship Company against the McGregor Gow, and Company (25 Appeal Cases). 'Owners of ships, in order to secure the carrying of freight exclusively for themselves at profitable rates, formed an association and agreed for a number of ships to be sent by members of the association to the loading port; the division of cargoes and the freights demanded should be the subject of regulation.'

'That a rebate of 5 per cent. to all shippers should be allowed, who shipped only with members of the association——.'

I will also send this to your lordship.

Now, in that case, it is not very much different from the facts as brought out in the present inquiry. In the present inquiry, we may probably agree upon the facts. We have admitted that there is an association; the contract of agreement is produced. There is no question about it whatever. It is also undoubted that this association fixed a minimum price. They fixed \$2.50 as being the minimum price at which this news print was to be sold. \$2.50 being of course, less the 3 per cent discount, as explained in the evidence, and also the delivery. We may also admit that this was to be enforced under penalties. The contract shows exactly the organization of the association. But, I would respectfully submit to your lordship that there is nothing in that to show that this was an illegal agreement, that this was an agreement that could be attacked in the courts. Under these decisions, the parties to the agreement had a perfect right to make that contract; they were quite within the law in entering into this agreement, and it has not been shown, I submit, that the price that was fixed, the minimum price, was an undue or unreasonable or a price that was prejudicial to the public at large.

Now, my learned friend has objected throughout this inquiry, to being put in the position of the complainant; but at the same time, it seems to me, that it would have been proper on the part of the Press Association to have made out their case.

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In the argument yesterday, my learned friend suggested that he had been unable to obtain certain evidence, and he had been unable to get at the cost of manufacture ; that he had been unable to find out exactly what profit was being made by these various manufacturers. But your lordship must have noticed that no effort was made, no attempt was made whatever on the part of my learned friend to obtain this evidence. It would have been very simple, and under the article under which your lordship was appointed as commissioner, there was power to make any of the manufacturers produce their books and state exactly what the profits were. There was no attempt to do that at all: the complainants have relied entirely on cross-examination; they put one or two witnesses in the box, Mr. Ross and Mr. Tarte and these gentlemen simply said that they found that after the association had been formed they could not get their paper as cheaply as they had been getting it before. Well, that of itself, does not show any undue enhancement of the price, but it merely shows what we contend, that the manufacturers had associated themselves together to obtain a fair price.

In regard to the price, I might say, that Mr. Barber in his evidence offered to have his books examined by an expert accountant. The question was raised as to whether these figures were correct or not, and the figures were submitted ; Mr. Barber said he knew they were correct and he stood by these figures, and said they could very easily be verified.

But, as I have said, no attempt has been made on the part of the complainants in this matter to make a case by showing exactly what the profit was or the cost of manufacture was.

Your lordship will remember that when the case was closed for the complainants,— I should have thought that your lordship would declare that you were satisfied that there was no evidence made out which would sustain the fact of undue enhancement of price. After that I felt it my duty to give your lordship as full information upon the whole subject.

Now, what I contend that we have proved is this :—

In the first place, that the price, the market price, not only in Canada, but in the United States and in England at the time, that this price of \$2.50 was fixed with the discounts, which I have referred to, that the market price outside was higher than this minimum price.

We have shown that in Canada manufacturers were obtaining as high as 3 cents and over 3 cents for their product, when the minimum price fixed by the association was \$2.50. We have shown that in the United States \$2.50 was considered a low price during this time. With a ruling price there at above \$2.50, we have shown that manufacturers who were selling their paper in Canada, instead of shipping to England, were losing money ; and we have shown also that all mills manufacturing news print in Canada were working to their full capacity.

Now, there is nothing in the evidence here to show any attempt to limit production. Every manufacturer was perfectly free to run his mill to its fullest capacity. There is no attempt to force sales through one agent ; there is no attempt at all to put any disadvantage on the consumer, but the manufacturers, as has been explained, found, before this agreement was entered into, that they were doing their business practically at a loss. Some of them were making money ; Mr. Woodruff, it has been stated, said that the trade was in a healthy condition. That apparently was a misunderstanding, because it was explained by all of the manufacturers who were examined, that previous to this time, trade was not in a healthy condition ; travellers were constantly asking for better terms, and the competition which then existed had brought the business down until it could not be profitably conducted. So soon as the agreement was formed, there came to be a uniformity, not only in the minimum price, but a uniformity in the discount, and then the competition continued, because, of course, manufacturers had advantages one against the other, and they had their own regular customers whom they had been supplying for years and naturally would continue to supply. But I would like to point out one advantage to the smaller consumer,



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and this inquiry seems to be directed, and promoted largely by small consumers. The fixing of a minimum price, which was made public, which was known to the trade throughout Canada, the fixing of a minimum price enabled the small consumer to know exactly what he would have to pay. Previously, when there was competition, and one mill against another, if a man wanted a small lot of paper, was simply buying in a small way, as Mr. Dingman and Mr. Preston, and those other newspaper men who were examined, they may have to pay, and they did have to pay, much higher prices than they have been ever since. So that the fixing of a standard minimum price was really an advantage to the small consumer.

In speaking of that, your lordship must have noticed that the complaint comes not from the majority of consumers, but from consumers who were using a very small, a very limited quantity of news print, country newspapers.

My learned friend spoke yesterday of the abnormal profit which was being given to the manufacturers, and spoke of 25 per cent being added to the profits of the manufacturer, because they were not able to purchase in the United States. Well, it was shown that the abnormal profits do not arise from the question of duty; it is not that. In the first place it was shown by Mr. Barber's evidence that there was no abnormal profit. He showed that he made, I think, 4 per cent profit one year; another year it was 7 per cent, and the best year, 1898, was 20 per cent of profit. As against that the witnesses for the complainant are asked what they consider would be a fair profit, and your lordship will remember that they put this profit as high as 50 per cent. One of the witnesses was asked, in connection with job printing, for instance, what he would consider a fair margin of profit to add after paying his expenses, and he said he usually added 50 per cent; another witness said he thought 20 per cent would be low.

In view of these facts and the statement produced by Mr. Barber, which shows that his maximum profit was 20 per cent, and the statement of Mr. MacFarlane and others that they would be well content with a profit of 15 per cent, I respectfully submit that there is no evidence made to show any undue profits made by the members of this association.

Turning now to this question of tariff changes, I think I should point out the very serious effects which would result from any change in the tariff, and the large amount involved. It was stated in evidence that the amount of capital invested in the manufacture of paper in Canada was something over \$20,000,000. Not only is this amount involved, because this is the amount invested in the mills themselves, but all the other industries which lead up to the manufacture of paper, and which employ thousands of men, would be very seriously and disadvantageously affected by any change in the tariff. At the same time, what would be the result? It is not proposed that the tariff of the United States should be affected at all. That would be maintained, and the tariff would be taken off the United States paper coming into Canada, duty would be taken off that, but the duty on paper going into the United States would remain. Manufacturers in Canada would be limited to the small market in Canada they already have, whereas the manufacturers of the United States with their large market, as was explained to your lordship, where they are manufacturing at a very much less expense than the Canadian manufacturers, would retain their market, and they would simply have the Canadian market added.

Now, I respectfully submit that any change in the tariff would mean ruin to this industry in Canada, and what advantage would it be to the complainants? None whatever, because it has been shown that they could not buy their paper in the United States as cheaply as they are getting it to-day in Canada. An attempt was made to show that paper had been offered at \$1.87, that if there were no duty that paper would come in with an addition of 17c. for freight, and be laid down here at about 2c., but that was fully explained by Mr. Scrimgeour's evidence. Mr. Scrimgeour says that he heard that the Canadian manufacturers proposed to give a rebate of \$6 a ton on all paper that was shipped to England. They were to combine to make a surplus of paper and ship that to England, to compete with the American manufacturers, who are now

supplying the English market, and his intention was, with the consent of his company, to come into Canada and let it be known generally that if there was any attempt to interfere with the market which the United States had in England, that then the United States manufacturers would come into Canada, and come in even at a loss.

The manufacturers in the United States have this advantage, that they can start a machine, as has been pointed out, on one grade of paper, start it on the 1st of January on that same grade of paper and continue on it all through the year. There is no delay, no loss, and one newspaper in the United States will take the full output of that machine day after day, without any change, without any loss, simply putting in the same material and running it off. Now, in Canada, what is the position? The largest consumer of news print takes about twelve tons a day. The sale referred to of 7,000 tons in the United States would supply for two years for that consumer, and yet it was not looked on as a very extraordinary or large sale in the United States. The consumption there is so much greater, the advantages of manufacture are very much greater, and it is for that reason that they can make these long runs of paper. There is no change, no loss and no delay; so that it would be impossible for the Canadian manufacturers to compete against the manufacturers of the United States if it were not that the duty protects them.

Your lordship has the full minutes of this association before you, and I am sure you will have seen there that while one of the particular objects was the arranging of prices, there were other objects which the association had in watching the general interests of the trade in Canada.

The statement of the objects in the agreement, I think, is a very fair and very comprehensive statement and shows exactly what was intended. This association had existed before; manufacturers had been meeting for purposes of consultation, and they simply reorganized. It was not a new thing; they fixed prices before, years previous to the agreement, showing that they had been fixed before, but it was the increase in price, the raising of the price that directed attention particularly to the reorganization of this association.

I shall send your lordship these authorities. I submit that under the jurisprudence, the manufacturers of any commodity have a perfect right to form an association such as this; that there is nothing in this association that resembles what is known as a 'corner'; there is no restraint of trade; there is nothing illegal and nothing improper. It is simply as though individuals had formed a co-partnership, or came to an agreement as to what price they should sell at.

I submit there is nothing whatever in the evidence to show that the price fixed is undue or unreasonable, or that they yielded abnormal profits to the manufacturers, and I submit that under the law there is nothing to prevent a man from getting such profits as he can by all lawful means.

There was one point in my learned friend's address which I think I should refer to, that is, with regard to the manufacture of sulphite pulp. My learned friend could not apparently understand why Mr. Rowley should have laid such stress on sulphite being contraband of war, because it entered slightly into the manufacture of sulphite pulp, assuming that to be a slight part in the production thereof. It is an essential part. It was not a question of increased cost, but it was the reduced production that increased the value of this pulp; sulphur could not be obtained, and the pulp could not be made, and therefore the production being reduced, the cost naturally was increased, and in the same way during those two years when the price of paper was constantly increasing, all the raw material went up. It has been clearly shown to your lordship, which I need not refer to in detail, that all the cost of raw material steadily increased.

Now, there is one other point regarding the reduction which has been made in the minimum price. I submit it is in evidence by the manufacturers themselves that after this year the price of paper decreased, the cost of the raw material was less, and without regard whatever, and without feeling that this commission was issued as a threat, they reduced voluntarily the price of paper. It was not as a result of this commission, but

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it was as a result of the reduction in the cost of the raw material, just exactly in the same way as the increase in price was due to the increased cost of raw material.

Then your lordship will have noticed that one of the witnesses examined,—two of the witnesses of the Consolidated Pulp and Paper Company who had been members of the association—they explained that the price did not give them a living profit, and that company has failed and gone out of business, although they were maintaining the prices which were fixed by the association. In the same way, within the past few days, there has been a large failure of sulphite pulp manufacturers in New Brunswick, showing that the profits in that department alone are not abnormal. I hardly think that your lordship will find that the manufacturer of paper must necessarily manufacture his own pulp. My learned friend appeared to argue that the price to be fixed by the manufacturers of paper for their commodity should be based upon the cost of production by manufacturers who produce not only their own paper, but who manufacture their pulp as well, which naturally would give them a profit on the pulp and reduce the cost to them of the paper.

I feel confident that your lordship will not hold that manufacturers like Mr. Barber, whose cost is in the record, that manufacturers like him should be excluded from the business because they are obliged to purchase their raw material. When we gave Mr. Barber's figures, we thought it was fair and just to give the cost of manufacture by those who had to purchase their raw material. No doubt, Mr. Barber could purchase his raw material as cheaply as anyone else, and purchase it at the regular market price. When we show that under those circumstances, manufacturing without any special disadvantages that his profit is less than 6 per cent or 7 per cent, I submit there is nothing whatever to show that the minimum price fixed by the association is an undue or unreasonable price.

On the whole, I would ask your lordship to find that the association is a legally organized one ; that it does not fall within the contemplation of the Article under which this commission is appointed and that there would be no reason for the government to move or change the duty in any respect in regard to the importation of paper.

COUNTER ARGUMENT BY MR. AYLESWORTH, K.C., REPRESENTING THE PRESS ASSOCIATION :

MAY IT PLEASE YOUR LORDSHIP :

I shall be very brief in what I have to say, as the new matter developed by my learned friend this morning does not cover a very wide range of ground. I fully concede that I did not attempt to address your lordship yesterday upon the legal aspect of the case, because, whether rightly or wrongly, I certainly consider the matter to be one depending entirely upon questions of fact. This is certainly an inquiry not of the nature of a criminal prosecution. This is not in the nature of a civil action for damages. Any person who felt disposed to think a case for it existed, could have set the criminal law in motion if an offence against the criminal law had been committed, and the very fact that no such proceeding is taken, that the question does not come before your lordship as any question of judging on the civil rights of the parties, or of any question of adjudicating upon the query whether or no a criminal offence has been committed is the best evidence of its non-existence.

The government needed no commission to be directed to inform themselves upon that point. Had the desire been to ascertain whether or no this combination was admittedly existing, was an illegal bond between manufacturers, that could be proceeded with before the ordinary tribunals of the country.

But without any question of legality or illegality, the government has issued this commission, I take it, that it may be apprised by the evidence given before your lordship and by your lordship's report of the facts of this matter in order to ascertain

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whether or no it should recommend to parliament the abrogation of the duty which parliament has now imposed on this commodity. The whole purpose of the clause under which this commission issued is, I take it to be, that the government may, by exercising the power which the legislature has by that enactment conferred upon it, obtain accurate information upon which parliament, if so advised, may act, and I submit without any regard to the question of the legality or illegality of the combination among manufacturers. We, on our part, have, in no respect, addressed ourselves, either in the framing of our cause before your lordship or in the presentation of it that I made yesterday, to any such considerations. It may be ever so legal. I don't question ; I don't care. If, upon the facts, your lordship reports, your lordship concludes on this testimony, that we have shown a combination to exist, the purpose and the effect of which is unduly to enhance prices, then parliament in its wisdom, will act, and without regard entirely to any question of whether or no that combination is against the laws of the land.

Now, with respect to the special circumstance that my learned friend shortly adverted to, just a word or two. My learned friend says much that is plain to me, as I might observe, that as I understand the position taken, that my learned friend and partner who preceded me in acting for the complainants in this inquiry, he took no position that the Canadian Press Association were not in the attitude of complainants. And it is evident that they were not to be regarded as prosecutors, but they were informing the court of facts which were within their knowledge, which to them seemed to establish a case that there had been here such a combination as is pointed out in the section of the Customs Act.

Now, my learned friend says with reference to the complainants here, whom I represent, that in a large measure the complaint or the attack, whichever you choose to call it, comes from the small consumers. I scarcely know why my learned friend should have come to that conclusion unless it be from the attitude taken by the large consumer. No doubt the large consumer, who enjoys special advantages from the manufacturer, is in sympathy with the manufacturer as against his fellow-consumers who do not enjoy like advantages and as against the small country newspapers not requiring to buy its news print in rolls, buying it in reams, and being charged \$2.75 plus freight, as the witnesses testified before your lordship in this matter. No doubt the combination presses more heavily upon the small consumers ; no doubt they feel it most, but I am quite unable to say what bearing that has on the inquiry, suppose it be so. The small consumer is as much entitled to the protection of the government of the country as the large. It is just as much the interest of the small consumer that parliament is concerned as with regard to the interest of the wealthy and large consumer, who might be able to make favourable terms with an association such as exists here. And aside from that altogether, it is difficult, it is impossible to understand how there is the slightest benefit or the slightest regard to the interests of these small consumers that my learned friend adverted to.

He says it is an advantage to the small consumer because he now knows exactly what he is going to have to pay. Well, that reminds one of the answer which your lordship may recall, Mr. Atkinson made when my learned friend pointed out to him the advantage that this uniformity of price gave to the consumer. 'Certainly,' he says, 'it possesses the merit of being uniform.' Now, what earthly advantage is it to the small consumer to know that he is going to have to pay a price which to him seems extortionate ? The maximum price is not fixed ; there is no certainty about it except this certainty that there won't be relief from the pressure. There is this certainty, that it cannot go below \$2.75 per 100 pounds for the ream paper. There is no knowing how hard around the wheel may be turned and how much may be extracted from the unfortunate consumer. The price may go up to any limit the manufacturer chooses to place upon it. He commits no infraction of his obligations to his fellow-manufacturers because he may add on to the price. The moment he goes below he subjects himself to a penalty. So that this price does not possess even the virtues my

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learned friend claims for it ; it does not possess any of the virtues of uniformity. It may be uniformly heavy, but it does not possess even the merit of certainty.

Then my learned friend says the profit his clients make is not inordinate because witnesses on our part have said that they would not regard a profit of 20 per cent or even 50 per cent as too great. I presume my learned friend was having in mind when he spoke, the testimony given him on cross-examination by Mr. Dingman. Mr. Preston and Mr. Dingman are the only witnesses whom I recall that gave such information to my learned friend. Your lordship will find Mr. Dingman's evidence in that respect on pages 52-53 of the report. My learned friend asks him if he is carrying on a jobbing business.—A. Yes.

Mr. Dingman is, your lordship will recall, the proprietor of a newspaper in Stratford, doing a general business.

'Q. What advance on cost do you figure generally in making your estimates ?—A. It varies. Generally in estimating a job, I usually add 50 per cent to the job cost ; the 50 per cent including profit and share of the general expenses of maintaining the business, office expenses, &c.'

There is where my learned friend gets his 50 per cent, but the witness immediately says : ' I might say this basis I speak of is in regard to small jobs of a few dollars at a time.' A very different thing from a regular business of a manufacturer extending continuously during twelve months. The small job, the odd job that comes into the printing office, that comes in to-day and may not come in again for a week or a fortnight, the printer adds to the general cost of that job 50 per cent, and does not deem it at all an extravagant profit. Speaking of such small periodical odd job, he says he would not regard 50 per cent too much, but to say that this profit is an ordinary profit for the manufacturer upon his whole year's business, upon an investment of hundreds of thousands of dollars capital is something very much different, very much opposed, I venture to say, to the idea of any witness who has spoken.

Then my learned friend asked your lordship's consideration of the results that might flow to his clients or to the country generally from the report, in answer to the questions propounded by this commission, adverse to the interests of those whom he represents. My learned friend urged upon your lordship considerations of whether the removal of the tariff duty, which now exists upon the import of this commodity into the country, would be in the general interests or not.

I submit that this is a consideration altogether foreign to the inquiry here. Your lordship, as I understand it, is asked to report to the House the facts in regards to this matter ; to say whether it has been established that a combination does exist, to say consequently whether it has been shown that that combination which admittedly does exist, has had for its purpose or for its effect undue increasing of prices, or undue advantage to the manufacturer at the expense of the consumer.

Surely it is for parliament to consider the whole question of whether or not the duty which has been imposed is one that is no longer necessary.

No doubt, it stands on the face of the inquiry, that if there had been, by reason of this association, an undue enhancement of the price, the extent to which that enhancement is attributable, and the unnecessary imposition of the duty is one that is unduly to the advantage of the consumer. And even though your lordship should report, as I submit, upon the evidence, the effects as justified, it will be entirely in the hands of parliament to diminish or increase the duty as it may see fit, and the price which will obtain in that regard will be solely, as we think, for parliament to decide.

Now, it is not surely any question of decision here or for consideration here of the amount of capital that may be invested or the amount of men that might be affected by the interference with the duty that is now imposed on this commodity. That raises a wide question, an old question of free trade and protection, the whole subject of whether the interests of the manufacturer or the interests of the consumer ought to be regarded, and that surely is a question of politics, for the statesmen of the country to decide. I might say thousands of men are dependent on the printing business for their

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livelihood. If I took and estimated the number of men who are engaged in the production of these newspapers, daily or weekly, I venture to think that an equally large proportion of our newspapers might be found interested in the question of whether or not the price of this commodity to the newspaper was to be increased or diminished.

But surely these are not considerations to be determined here. These are entirely for weighing in another place. Those are but in fact the time honoured considerations which rest on one side or the other of the large question of free trade, or the necessity for protection to what are called 'the infant industries of the country.'

I do not discuss these questions at all. I have nothing more to say on the general effect, in which my learned friend ventured to travel out of the record when he spoke of a recent large failure in New Brunswick of a sulphite pulp manufacturer. Of course no evidence is in the record before the court of that. No doubt, all of us read the newspapers, and we see these things as we do other things. It would be equally appropriate, if I would refer your lordship to the paper and show you a large dividend declared by companies we are familiar with, whose names were mentioned frequently since this inquiry began. Whether or not some companies have been unfortunate and have failed does not certainly concern this investigation. I refrain from referring to these subjects because we have no evidence about them.

The danger of considering such matters is well illustrated by the evidence regarding the Consolidated Pulp Company, which failed shortly before this inquiry began, simply because it was endeavouring to do \$100,000 worth of business on \$12,000 of capital, failing not at all by reason of any lack of price for its commodities, failing simply and entirely, because it had not the necessary credit or the necessary capital on which to do business. The same reasons exactly may have existed for anything we know as the cause of the failure my learned friend alluded to, and I simply content myself in regard to it by saying : 'There is no evidence about it one way or the other.'

**THE COMMISSIONER.**—Before closing this important inquiry, I have to thank the learned counsel engaged in this case for the able, courteous and satisfactory assistance they have given me in the performance of my duty on this commission.

The parties have now the right to expect an early report from the government and this report will be sent as shortly as possible after the inspection of the voluminous evidence in this case ; and I expect to be able to forward my report the early part of September.

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## COPY OF EXHIBITS FILED.

## EXHIBIT P. 1.

THE E. B. EDDY COMPANY, LIMITED.  
HULL, CANADA, 5 March, 1900.

Messrs. The *Journal* Printing Co., Ottawa,—

DEAR SIRS,—Inclosed please find specifications for paper shipped you on the 20th ult., and the 3rd instant amounting to 5,006 and 4,964 lbs. for which we will send you invoice so soon as the price and terms fixed upon by The Canadian Paper Makers' Association have been advised to us for this paper product, but you may be sure that not only will you have as low prices, but the best attention, as prompt delivery and the most favorable terms and discounts going, for we are in this, as in all other matters, always with pleasure at your service, and only regret that you did not take advantage of the opportunity offered on a rising market by contracting for your requirements over the year with

Yours truly,  
THE E. B. EDDY COMPANY, LIMITED,  
By W. H. Rowley.

## EXHIBIT P. 2.

THE E. B. EDDY COMPANY, LIMITED.  
HULL, CANADA, 10 March, 1900.

Messrs. The *Journal* Printing Co., Ottawa,—

DEAR SIRS,—Inclosed please find invoice and specifications for shipment of roll news to you under date of 28th February, 3rd, 6th and 9th inst., weighing in all 18,780 lbs., which, subject if you please to the approval of and confirmation by the Paper Makers' Association of Canada, or otherwise to necessary alteration and advance in price, we have invoiced at \$2.50, and beg leave to say that as the uniform quantity price for roll news as fixed by the C.P.M.A. is:—

\$2.50 for carloads ;  
\$2.75 for 2 ton and up lots ;  
\$3.00 for less than 2 ton lots ;

With an advance of 25c per 100 for similar quantities of ream news and a further advance or extra charge for frames on any framed news, we have invoiced you this lot at the min. price in effect for the maximum quantity, and if you please to confirmation of our action in this connection on your behalf as stated above; and have to add, that if you are inclined to do so, we are ready to enter into a contract with you at current prices although the market is steadily advancing, for your requirements over the year 1900, and to say that if you will name a day and hour when we may call upon you, we will with pleasure do so, meanwhile remaining,

Yours truly,  
THE E. B. EDDY COMPANY, LIMITED.  
By W. H. Rowley.

P.S.—This will serve to confirm the conversation had with you and to acknowledge your letter of the 7th.

W. H. R.

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**EXHIBIT P. 3.**

THE E. B. EDDY COMPANY, LIMITED,  
HULL, CANADA, 13 March, 1900.

Messrs. The *Journal* Printing Co., Ottawa,—

DEAR SIRS,—Answering your favour of the 12th inst., unless and until you hear from us to the contrary we are willing to continue to deliver paper to you as at present at the present carload price of \$2.50 per 100 lbs. on the distinct understanding which we beg leave here to reiterate that if the Canadian Paper Makers' Association rules contrary to this you will take the paper from us in carload lots to obtain the carload price, or in 2 ton and up lots to obtain the 2 ton and up price, or in smaller quantities at the then 2 ton price, your quantity wish shall be our pleasure in the matter.

If you wish to make a contract now for the next six months—say to 1st Sept., 1900, at \$2.50 less 3 per cent, 30 days, we will conclude such at once subject to Canadian Paper Makers' Association ruling as above and at the end of the six months review and revise the contract and give you benefit of any decline that may rule or charge you any advance that may then be in order.

Yours truly,  
THE E. B. EDDY COMPANY, LIMITED.  
By W. H. Rowley.

**EXHIBIT P. 4.**

In consideration of one dollar to us paid by the members of the Paper Makers' Association of Canada, we hereby become members of the said Association, and agree to maintain the prices, terms and conditions of the said Association, as per agreement forming the same, dated February 21st, 1900, or as the same may have been or may in the future be altered from time to time by resolution of the Association, as fully and entirely as if we had been one of the original parties thereto.

Witness our hand and seal this twenty-sixth day of March, 1900.

(Signed) THE CONSOLIDATED PULP AND PAPER CO. LIMITED,  
JOHN M. POOLE, *President*.

Witness:

(Signed) R. J. Dilworth.

In consideration of one dollar to us paid by the members of the Paper Makers' Association of Canada, we agree to become members of the said Association, to maintain the prices, terms and conditions of the said Association, as per agreement forming the same, dated 21st February, 1900, or as the same may have been or may in the future be altered from time to time by resolution of the association, as fully and entirely as if we had been one of the original parties thereto.

Any member retiring from this Association, under the provision of the agreement, shall be entitled to receive back his deposit if he is in good standing.

Witness our hand and seal this twenty-sixth day of March, 1900.

(Signed) ST. CROIX PAPER CO., LIMITED,  
H. McC. HART, *Manager*.

Witness,

(Signed) F. A. Young.



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THIS AGREEMENT made this 21st day of February, one thousand nine hundred

Between

1. W. Barber & Brothers, of the town of Georgetown.
2. Alex. Buntin & Son, of the town of Valleyfield.
3. The Canada Paper Company, Limited, of the city of Montreal.
4. The Dominion Paper Company, of the city of Montreal.
5. The E. B. Eddy Company, Limited, of the city of Hull.
6. John Fisher & Sons, of the town of Dundas.
7. J. Ford & Company, of Portneuf.
8. S. A. Lazier & Sons, of the city of Belleville.
9. The Laurentide Pulp Company, Limited, of Grand Mere.
10. The Lincoln Paper Mills Company, of the town of Merritton.
11. Alexander McArthur & Company, of the city of Montreal.
12. Miller Brothers & Company, of the city of Montreal.
13. The Northumberland Paper and Electric Company, Limited, of the town of Campbellford.
14. The Ottawa Paper Company, of the city of Ottawa.
15. The Riordon Paper Mills Company, of the town of Merritton.
16. The Royal Paper Mills Company, of East Angus.
17. Reid, Craig & Company, of the city of Quebec.
18. The Rolland Paper Company, of the city of Montreal.
19. J. Stutt & Son, of West Flamboro.
20. The St. Croix Pulp and Paper Company, of the city of Halifax.
21. The Toronto Paper Manufacturing Company, of the town of Cornwall.
22. The Trent River Company, of Frankford.
23. C. W. Thompson, of the town of Newburgh
24. The Thomson Paper Company, of the Town of Newburgh.
25. Taylor Brothers, of the city of Toronto.
26. J. C. Wilson & Company, of the city of Montreal.

## WITNESSETH :

1. That the said parties do hereby form themselves into an association, to be called and known as 'The Paper Makers' Association of Canada.'

2. The object of the said Association shall be the promotion of friendly business relations between the manufacturers, their agents, and the trade generally; also for the regulation and maintenance of fair prices of paper, and for conference and mutual aid, with reference to purchase of supplies and the like.

This agreement embraces all sales in the Dominion of Canada and Newfoundland, but does not embrace papers exported out of the Dominion of Canada, with the exception of Newfoundland.

3. This agreement is entered into until dissolved by mutual consent, but any of the parties hereto shall have the right to retire therefrom on giving three months' previous notice in writing to the Secretary-Treasurer of their intention so to do.

4. The officers of the Association shall be a President, first and second Vice-President, and Messrs. Jenkins & Hardy, of Toronto, accountants, as secretary-treasurer, all of whom have been elected by the parties here to serve until the next annual meeting, or until their successors are appointed.

5. The duties of the President shall be to preside at the annual and other meetings of the Association, and generally to perform the ordinary duties of President or Chairman of such an Association.

The Vice-Presidents, in order, shall perform the duties of the President in his absence.

The secretary-treasurer shall have charge of all books, papers and records of the said Association. He shall also collect and receive all moneys due or payable to the

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Association, which said moneys shall be deposited in a good chartered bank at the City of Toronto to the credit of the association. The secretary-treasurer shall make all payments required for the purposes of the said association out of the funds of the same. He shall keep the necessary books of account for the purposes of the said association. He shall have the right to call a meeting of association at any time, and shall also take the minutes of the meetings of the said association, and shall record the same in a minute book, and shall give all notices and sign all papers and documents required for the purposes of said association, and shall generally perform all the duties of such secretary-treasurer. He shall advise simultaneously, by wire or post, as directed by the Association, all members of the Association, all resident or other agents of members of the Association, and, as far as possible, all travellers, of any changes in the Association prices and terms.

6. The regular quarterly meetings of the Association shall be held in the City of Toronto within the first ten days of June, in the City of Ottawa within the first ten days of December, and in the City of Montreal within the first ten days of March and September, during the continuance of this agreement. The annual meeting shall be held within the first ten days of June in each year.

Special meetings of the said association shall be held at any time at the place mentioned in the notice thereof, upon a requisition signed by four members of the Association. The secretary-treasurer (upon such requisition) shall give to each member of the said Association at least three clear days' notice of the said meeting, which said notice shall set forth the date, place and hour of such meeting, and the nature of the business to be transacted thereat. No other business shall be transacted at such special meeting than that stated in the notice calling the same, unless with the consent of all the members of the Association.

A committee meeting shall be held upon the requisition signed by one member of the Association.

All notices of meetings shall be given by registered letter to the address of the respective members, or by telegraphic message, at the discretion of the Secretary-Treasurer.

A corporation member of said Association may be represented by one, or two, or three of its Directors, or by any duly appointed agent, but it shall only be entitled to one vote. Any member (other than a corporation member) may also be represented by any one, two or three duly appointed agents, but he shall only be entitled to one vote. Resident agents or travellers shall not be appointed agents under this clause.

A majority of the members of the Association or committee shall constitute a quorum.

Any resolution adopted at any meeting of the Association by a majority of the members then present shall be binding upon all the parties hereto.

7. Each of the members shall be entitled to attend all meetings and to vote thereat, either personally or by proxy, appointed as provided for in clause 6 of this agreement.

8. The said parties hereto do each hereby (but so far only as relates to the acts or defaults of themselves or those for whom they are respectively responsible) covenant and agree with the other parties hereto as follows:

(a) That they, the covenantors, shall be responsible for the acts defaults of and breaches of the provisions of this agreement by the respective agents, travellers and employees of the parties hereto, and the agents, travellers and employees of the respective agents of the parties hereto.

(b) That they, the covenantors, and the agents and others for whom they are respectively responsible, will conform to and abide by any resolution adopted under the provisions of article 6 hereof.

(c) That they, the covenantors, and the agents and others for whom they are respectively responsible, will not quote, accept or book orders for, offer or agree to sell, or sell the goods covered by the agreement at lower prices or on better terms and conditions than those fixed by the schedule of prices annexed to this agreement or fixed by

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any schedule of prices which may be adopted by resolution of the association under article 6, in substitution for all or any of the said schedule hereunto annexed.

(d) And that they, the covenantors, and the agents and others for whom they are respectively responsible, will not aid, abet, counsel, advise, or procure any purchaser or purchasers, or intending purchaser or purchasers, to evade, elude, escape from, or get round the provisions of this agreement, by suggestions of the consolidation of the orders of two or more purchasers, or in any way whatsoever.,

(e) That they, the covenantors, and the agents and others for whom they are respectively responsible, shall not, on any pretext consign goods covered by this agreement, nor allow nor pay any commission to any person whomsoever, except to a bona fide agent (who shall in no case be a dealer in the goods covered by this agreement, or the employee of any such dealer) whose name has been previously declared to the Secretary-Treasurer, nor sell nor invoice goods covered by this agreement except in the name of the manufacturer, or, if bought by a member of the Association from some other manufacturer for the purpose of being re-sold, then in the name of the member so re-selling the same.

(f) That they, the covenantors, and the agents and others for whom they are respectively responsible, shall not (except as authorized by resolution of the Association) either directly or indirectly resort or have recourse to any scheme or subterfuge whatsoever (such as the giving of presents, or the giving or allowing of rebates on goods previously sold, or the allowance of discounts on or deductions from, or reductions in the price of other goods, or the giving or promising of any kind of benefit or advantage whatsoever, or otherwise) as an inducement or aid, or which may operate as an inducement or aid, in the making of present or future sales of goods.

(g) That they, the covenantors, and the agents and others for whom they are respectively responsible, will not directly or indirectly advise or notify their respective agents, travellers, employees, customers, or other persons whomsoever, of the calling or holding of any special meeting of the Association, or of any anticipated fall or rise of prices thereat, or at any other meeting of the Association, and further, will not sell goods subject to a decline in price, and also will not sell goods to be delivered more than ninety days after the day the order for the same is taken, but any goods not shipped within the ninety days above named, after the order for the same is taken, shall only be shipped subject to, and shall be invoiced at, the price ruling at the date of shipment, with the exception of contracts for news print or periodical publications, for which contracts may be taken for longer period than ninety days.

(h) That they, the covenantors, will allow the Secretary-Treasurer at all times access to their books of account, papers and correspondence, to enable him to verify any statement made by any of the parties hereto, or to investigate any accusation made against them respectively, and the agents and others for whom they are respectively responsible.

And the parties hereto do hereby severally promise, bind and oblige themselves, each in the penal sum of five hundred dollars, towards the others of them, to strictly adhere to, observe and fulfil all the above agreements and obligations, and all rules, regulations, prices and discounts which may from time to time be resolved on, or adopted by the Association. And they further severally bind themselves to pay all penalties that may be imposed upon them under this agreement for any breach or violation of the same by themselves or their agents, or other persons for whom they are respectively responsible.

And to secure the payment of all such penalties when incurred, each of the parties hereto shall forthwith deliver to the Secretary-Treasurer an accepted cheque for the sum of five hundred dollars, to be deposited by the Secretary-Treasurer to the credit of the Association in the bank aforesaid. And the interest on all moneys deposited under this clause shall be accounted for to the members respectively, who shall have delivered such moneys to the Secretary-Treasurer, as aforesaid, and such interest is to be placed to their credit in the books of the Association.

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9. On or before the fifteenth day of each month each of the parties hereto, and their respective book-keepers, and each traveller and each agent whose name has been declared to the Secretary-Treasurer, and the traveller of each agent (all of whose names must be declared to him forthwith) shall send to the Secretary-Treasurer a solemn declaration in the form 'A' hereto annexed, that he has not, directly or indirectly, broken or violated, or permitted to be broken or violated, the terms of this agreement, and is not aware of any such breach or violation. Any member failing or neglecting to send such declaration to the Secretary-Treasurer on or before the said fifteenth day of each month, shall *ipso facto* become liable to a penalty of five dollars per day for each and every day such default continues. And a like penalty shall be exacted from such member for each statement to be made by his book-keeper, traveller or agent, or by the book-keepers or traveller of his agent or agents, which such book-keeper, traveller or agent may fail or neglect to make, for each and every day such default continues. And the Secretary-Treasurer shall have the right to charge the amount of every such penalty so incurred by any such member against the amount in the hands of the Association at the credit of such member.

10. On or before the fifteenth day of each month, each member shall send to the Secretary-Treasurer of the Association a statement in the form 'B' hereto annexed, which shall contain a summary of all sales made by and for such member for the previous calendar month, and to be accompanied by a solemn declaration of such member, And any member failing or neglecting to send such statement on or before the said fifteenth day of each month shall *ipso facto* be liable, and he hereby binds and obliges himself to pay a penalty of five dollars per day for each and every day such default continues. And the Secretary-Treasurer shall have the right to charge the amount of any such penalty against the amount standing at the credit of such member in the hands of the Association.

11. The Secretary-Treasurer shall have the right to verify any statements made by the members of the said Association, by making such other inquiries as he may deem necessary, but the Secretary-Treasurer shall not make known to any one any part of the information which he may have so obtained, except when such member shall be found to have broken or violated this agreement, in which case the Secretary-Treasurer shall communicate to the Association at a meeting duly called, such details and particulars of such breach or violation as may be necessary, and the refusal of any member to allow the Secretary-Treasurer to examine his books and other papers relative to any matter covered by this agreement, shall be considered a breach or violation of this agreement, and shall subject such member to a penalty of not less than fifty dollars or more than five hundred dollars.

If any complaint be made of the breach or violation of this agreement by any member, or his agents, employees or travellers, for the investigation of which it may be necessary to check the goods in the factory, or stores, or on the premises of such member, the Secretary-Treasurer shall have the right to place one or more agents in the manufactory of such member, to investigate such company and check the goods and effects therein, so far as may be necessary for the information of the Secretary-Treasurer, and to enable him to judge whether or no the provisions of this agreement are being faithfully performed, and to pay such agent or agents out of the funds in his hands belonging to the Association.

12. If any member, or his agents, or his or their agents, employees or travellers, shall be reported to the Secretary-Treasurer as having broken or violated any of the provisions of this agreement (the report giving particulars of such breach or violation so as to enable the Secretary-Treasurer to investigate the same), or if the Secretary-Treasurer shall discover any breach or violation or supposed violation thereof, the Secretary-Treasurer shall notify such member of such breach or violation, giving him particulars of same, and such accused member, on being so notified, shall furnish to the Secretary-Treasurer, within fifteen days thereafter, all evidence within his power, or under his control, that he has not, nor have such agents, employees or travellers, broken

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or violated any of such provisions, and the Secretary-Treasurer shall fully investigate the matter, taking and acting upon such evidence as he sees fit, and if he is not perfectly convinced that no violation has been made, he may further call upon the accused member, as well as any of his salesmen, agents or clerks that he may indicate, to make affidavit or declaration in his presence, or in the presence of his duly authorized agent, and before a recognized notary public or justice of the peace in the province of Quebec, and a commissioner or justice of the peace in any other province of the Dominion, to be selected by the Secretary-Treasurer, that the charges are false and incorrect. The failure on the part of the member or any of his employees to make such affidavit or declaration forthwith when requested to do so by the Secretary-Treasurer shall be considered as proof positive that the agreement has been violated; and further, if in his opinion the member complained of has, or any of such agents, employees or travellers have, broken or violated this agreement, as charged against him or them, the Secretary-Treasurer shall declare and decide the same in writing, over his own signature, giving particulars of such breach or violation, and shall in such writing fine the accused member not less than fifty dollars and not more than five hundred dollars, at the discretion of the Secretary-Treasurer, for such breach or violation, and shall deliver a copy of such writing to the accused member, and such member shall thereupon be held to have incurred the penalty mentioned in such decision.

Provided that any member upon whom such penalty has been imposed shall have the right to appeal within ten days to the Association from the decision of the Secretary-Treasurer.

Provided always that any member not appealing to the Association within the time aforesaid, shall be held *ipso facto* to have incurred the said penalty.

Provided also that in the event of the Secretary-Treasurer's discovering what in his opinion is only a clerical error in any invoice sent out by any of the parties hereto, he shall not enforce the penalty, but shall report the matter at the next quarterly meeting, when it shall be adjudicated upon.

13. As soon as any penalty has been established against any member as provided for in the preceding section, such penalty shall be charged by the secretary-treasurer against the sum of five hundred dollars deposited by such member and in the hands of the Association, and the Secretary-Treasurer is hereby specially authorized by each of the members, parties to this agreement, to charge against such sum as may be at the credit of such member, the amount or amounts of the penalty or penalties which may be imposed upon such member under the provisions herein contained.

14. Should the amount at the credit of any member of the said Association at any time be reduced or become less than the said sum of five hundred dollars, by reason of any penalty having been imposed on such member or otherwise, the Secretary-Treasurer shall at once notify such member of the said reduction and the amount thereof, and the said member shall forthwith pay and he hereby binds and obliges himself to pay to the Secretary-Treasurer a sufficient sum to make up the amount in the hands of the Association to the sum of five hundred dollars. Any member who within ten days after the mailing to him of such notices by the Secretary-Treasurer, shall not make up his deposit to five hundred dollars as aforesaid, shall pay a penalty of five dollars per day for each day during which he shall be in default so to make up the said amount, all of which penalty shall be paid to the credit of the Association from the funds in the hands of the Association to the credit of such member, and such member shall be considered as not in good standing.

15. All or any penalties imposed on any member as aforesaid shall be charged by the Secretary-Treasurer against the amount at the credit of such member as aforesaid, and shall be divided quarterly, by the Secretary-Treasurer, amongst the other members of the said Association in good standing, except such member.

16. And the undersigned members of this Association enter into this agreement in honour bound to fulfil its conditions, irrespective of any legal question or technicality.

17. The Secretary-Treasurer of the Association shall, in addition to the other duties hereinbefore assigned to him, be generally the manager and superintendent of the said

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Association, and it shall be his duty to see that all statements and returns required by this agreement to be made by the members of said Association and others, are duly made, and in the event of any member or other persons deviating from the provisions of this agreement the Secretary-Treasurer shall forthwith impose the penalty hereinbefore provided for any such infraction of the said provisions or rules, and his decision in the case of any such infraction of the said rules or provisions of this agreement shall be final and without appeal. He shall make the division of the penalties among the members according to article 15, and shall render an account of the business at the end of the year.

The salary of the Secretary-Treasurer is hereby fixed at the rate of dollars per annum, to include both hotel and travelling expenses, payable quarterly by the members hereto in proportion to the value of goods sold by each. His engagement shall terminate on the dissolution of the Association, he being paid *pro rata* to the date of dissolution.

And the parties to this agreement do hereby severally promise, covenant and agree with the said secretary-treasurer, to hold him absolutely indemnified and harmless in respect of any moneys paid out by him by way of settlement or division of any penalties or forfeitures that may be exacted under this agreement.

In witness whereof the parties hereto have hereunto set their hands and seals the day, month and year first above written.

Signed, sealed and delivered in presence of

(Sgd.) S. J. FRAME, as to signature of  
WM. BARBER & BROS.

(Sgd.) J. HARDY, as to this signature.

WM. BARBER & BROS.

ALEX. BUNTIN & SONS,

Per GEO. M. TOY.

CANADA PAPER COMPANY, LIMITED.

JOHN MACFARLANE, President.

DOMINION PAPER COMPANY,

W. CURRIE, President.

THE E. B. EDDY COMPANY, LIMITED.

Per E. B. EDDY, President.

JOHN FISHER & SON.

JOSEPH FORD & CO.

LAURENTIDE PULP CO., LIMITED.,

RUSSELL A. ALGER, Jr., Secretary-Treasurer.

THE LINCOLN PAPER MILLS CO., LIMITED

Per W. D. WOODRUFF

ALEX. McARTHUR & CO.

THE MILLER BROS. CO., LIMITED.

Per W. T. MILLER, President.

THE RIORDON PAPER MILLS CO., LIMITED,

Per GEO. E. CHALLAS.

THE ROYAL PAPER MILLS CO., LIMITED,

F. P. BUCK, President.

THE ROLLAND PAPER CO.,

Per S. J. B. ROLLAND.

JAMES STUTT & SON.

C. W. THOMPSON,

TAYLOR BROS.

J. C. WILSON & CO.

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THE PAPER MAKERS' ASSOCIATION OF CANADA.

DECLARATION required by agreement dated 21st February, 1900.

I of in the county of do solemnly declare that I am for one of the parties to the above mentioned agreement.

That during the month of 19, neither I, nor, to the best of my knowledge and belief, any other person for or on behalf of the said party, did in any way whatever consign any of the goods covered by said agreement to any person whomsoever on any pretext, nor allow or pay any commission except to bona fide agents whose names have been previously declared to the secretary-treasurer of the said association, nor sell nor invoice the goods covered by the said agreement except in the name of the said.

That I have not, nor to the best of my knowledge and belief has any other person aforesaid either directly or indirectly resorted or had recourse to any scheme or subterfuge whatever, as an inducement or aid, or which may operate as an inducement or aid, in making present or future sales of goods.

That no goods covered by the said agreement have been sold by me, nor to the best of my knowledge and belief, by any person as aforesaid (except to members of the said Association), at any lower price than those fixed by the said Association and in force during the said month of 19, and that no rebates, discounts (except as allowed by the said association and then in force), drawbacks, allowances, or inducements whatever, have been made or allowed by me, or, to the best of my knowledge and belief, by any other person as aforesaid, as an inducement to any person to purchase goods.

That no goods have been sold by me, nor, to the best of my knowledge and belief, by any other person aforesaid, subject to a decline in price, or for delivery except as provided for in clause 'g' of section 8 of the agreement.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of 'The Canada Evidence Act, 1893.'

signed and declared before me } at this day of A.D, 19 }

THE PAPER MAKERS' ASSOCIATION OF CANADA.

REPORT OF SALES required by agreement dated 21st February, 1900.

Table with 2 columns: Description of sales and Amount. Rows include 'Sales made by during the month of 19', 'To other members', 'To all others', and 'Making a total of'.

I, do solemnly declare that the above is a true and correct statement of the sales of goods covered by the above named agreement, made by during the month of 19, and that such sales were made at the prices and terms strictly in accordance with the terms of the agreement above mentioned, and I have personally verified the same.

And I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of 'The Canada Evidence Act, 1893.'

Signed and declared before me } at this day of A.D., 19 }

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**EXHIBIT P. 5.**

GEORGETOWN, December 1, 1900.

T. H. PRESTON, Esq.,  
Brantford.

DEAR SIR,—We have your favor of the 30th, asking for quotations on 100 tons news in rolls, and in sheets delivered in Brantford.

We quote you for rolls  $2\frac{1}{2}$  cents, and for sheets  $2\frac{3}{4}$  cents. Terms 3 months or 3 per cent cash 30 days.

Yours truly,

WM. BARBER & BROS.

**EXHIBIT P. 6.**

TORONTO, Dec. 1, 1900.

THE EXPOSITOR,  
Brantford.

GENTLEMEN,—In reply to your letter of yesterday, asking us to quote a price on a hundred tons of our news in rolls and also in sheets, we will furnish you with the amount required, in carload lots, as desired, freight paid, as follows:—

Rolls, \$2.50 per hundred pounds.

Sheets, \$2.75 per hundred pounds.

We are placing a new set of calendars in our mills which will shortly be in working order, when we will turn out a very fine news.

We shall be very glad to receive your order and will give it our best attention. We could have our representative see you, if advisable.

Yours truly,

THE CONSOLIDATED PULP AND PAPER COMPANY OF TORONTO,  
LIMITED,

W. C. MacKAY,  
*Secretary.*

**EXHIBIT P. 7.**

TORONTO, Dec. 1, 1900.

Mr. T. H. PRESTON,  
Brantford.

DEAR SIR,—Replying to your inquiry of November 30, we beg to quote you news paper in sheets  $2\frac{3}{4}$  cents per pound, carload shipments, rolls  $2\frac{1}{2}$  cents per pound, carload shipments, 3 per cent 30 days or three months. We hope to be favoured with a continuance of your orders and will do our best to give you a satisfactory paper and to give your business careful attention. As you know we have been greatly pressed during the past year and it has been impossible to avoid causing our customers a little anxiety regarding their supply. Increased facilities, however, and a somewhat in-



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creased supply will remove the acute pressure and we shall, we think, be able to give you the best of service.

Hoping to be favoured with a continuance of your orders during the coming year, we are

Yours truly,

THE CANADA PAPER CO., LTD.,

F. J. CAMPBELL,

*Manager.*

### EXHIBIT P. 8.

HULL, CANADA, 5th December, 1900.

THE EXPOSITOR,  
Brantford, Ont.

DEAR SIRS,—Answering the obliging inquiry in your favour of the 30th November, the uniform prices on news paper in carload lots, freight paid or allowed to Brantford, are

Rolls.....	\$2.50
Reams.....	2.75

We shall hope to be favoured with your order for your requirements, as we shall be ready to ship in a short time now.

We have instructed our Mr. McLean to call and see you as soon as possible.

Yours truly,

THE E. B. EDDY COMPANY, LTD.,

By W. H. ROWLEY.

### EXHIBIT P. 9.

MERRITTON, ONT., January 9, 1901.

THE EXPOSITOR,  
Brantford, Ontario.

DEAR SIRS,—We are in receipt of your kind favour of the 8th inst., advising us that you will let your contract for news on or about the 22nd inst. Our Mr. Riordon will be at the mill Saturday or Monday, and if we can possibly make you any special inducement to give us your contract we will be pleased to do so, but may frankly say that we have already booked contracts for the year 1901 for nearly, if not quite, our full production, and we cannot see our way clear at present to name any lower figure than that quoted by Mr. Challes, namely \$2.75 per 100 pounds in car lots for sheets, terms 3 months or 3 per cent 30 days. However, we will write you finally early next week, or if Mr. Challes can go down to see you we will send him, as we very much desire to do business with you, being the nearest mill to Brantford.

Yours truly,

THE RIORDON PAPER MILLS, LTD.,

T. J. STEVENSON.

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## EXHIBIT P. 10.

TORONTO, ONT., 11th May, 1901.

MR. T. H. PRESTON,  
Brantford, Ontario.

DEAR SIR,—Regarding your contract for news, we are pleased to say that we shall be able to make you a reduction on the car now on order, making the price 2½ cents per pound, usual terms and conditions.

Trusting this will not be unappreciated, we are

Yours truly,

CANADA PAPER COMPANY, LTD.,

F. J. CAMPBELL,  
*Manager.*

## EXHIBIT P. 11.

MERRITTON, ONT., August 22, 1900.

MESSRS. STRATFORD HERALD PRINTING Co.,  
Stratford, Ont.

DEAR SIRs,—Your favour of 20th instant is received.

We enter your esteemed order and will ship in good time to arrive safely before September 8. In regard to freights, we find Stratford is not a delivery point, and apparently the nearest delivery point is London. We have therefore allowed you the freight on the basis of f.o.b. cars London. This is what all the mills are doing and we cannot do otherwise. We will, however, make the contract price \$2.75 f.o.b. cars Merritton in car lots, or \$3 less than car lots and deduct the freight on the basis of London delivery, as per last invoice.

We are about to inquire whether Georgetown would be nearer as a freight basis and will advise accordingly.

As regards draft, kindly accept same as we cannot make any alteration from the three months' terms, and as it has gone forward will thank you to accept it.

Yours truly,

THE RIORDON PAPER MILLS, LTD.,

T. J. STEVENSON.

## EXHIBIT P. 12.

CHICAGO, March 28th, 1901.

STRATFORD HERALD PRINTING Co.,  
Stratford, Canada.

GENTLEMEN,—Replying to your favour of the 26th inst., would say that we have forwarded your letter to our Mr. Barr, who may be able to call on you before he returns.

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In regard to price on print paper in carload lots would say that we could quote you on paper to weigh 24 x 36—28 lbs. to the ream and heavier, either in rolls or in sheets, \$2.10 per cwt., f.o.b. mill, Anderson, Ind. Terms as usual. We do not think the rate would be more than 20c per cwt., and we do not know what the duty would be.

We are not working with any combination of any kind, and we would be very glad to help you in any way we could to buy paper at a lower price than you can get it from the Canadian mills.

Yours truly,

BRADNER SMITH & CO.

### EXHIBIT P. 13.

INLAND DAILY PRESS ASSOCIATION,

MICHIGAN CITY, IND., March 18, 1901.

W. S. DINGMAN,  
Stratford, Canada.

DEAR SIR,—Absence from home prevented my answering your letter at an earlier date.

I enclose you copy of contract which our Association has recently made, making us a saving of from 25 to 40 cents per 100 over what we were paying previously.

The Cliff Paper Co., Niagara Falls, gave about the same quotations for paper on cars at Niagara Falls, as we are now paying.

The proceedings of our meetings are not published, members being required to attend meetings in order to get the benefits thereof.

If the information herein contained is of any benefit to you, you are very welcome to same.

Very respectfully,

IRA S. CARPENTER,  
Secretary I. D. P. A.

### CONTRACT WITH BRADNER SMITH & CO., FOR PRINT PAPER.

OFFICE OF BRADNER SMITH & CO., PAPER MAKERS,  
CHICAGO, December 11, 1900.

We hereby agree to furnish the members of the Inland Daily Press Association their supply of print paper for the ensuing year, 1901, at the rate of \$2.18 per cwt., f.o.b. cars Menasha, Wisconsin. Terms 3 per cent in 30 days, or 60 days net.

In case of a general decline in the market, we agree to meet it. We reserve the right, should the market decline below the price we can afford to handle this contract, that we may cancel same.

The paper is superior to the so-called No. 2 news, and the same as sample submitted to the executive committee.

BRADNER SMITH & CO.,  
T. F. RICE, V. P.

The following resolution in regard to the above proposition was unanimously adopted:

Moved by O. Scott, *Herald*, Decatur, Ill., that the members of the Inland Daily Press Association hereby accept the above proposition.

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## EXHIBIT P. 14.

NIAGARA FALLS, N.Y., March 27, 1901.

THE STRATFORD HERALD PRINTING COMPANY,  
Stratford, Ont.

GENTLEMEN,—We have yours of the 26th and would say that a carload of paper by our railroad classification is 30,000 pounds. We can name you a special price on this of 2½c. f.o.b. cars this city, less 3 per cent cash. We imagine, however, from the duty, that this would make it higher than you could get it for at home and 2½c. is lower than we are securing here as we usually make a lower price for export business.

Yours very truly,

CLIFF PAPER COMPANY.

## EXHIBIT P. 15.

TORONTO, ONT., 23rd May, 1901.

W. S. DINGMAN, Esq.,  
*Herald Printing Co.,*  
Stratford, Ont.

DEAR SIR.—We beg to thank you for yours of 22nd inst. We might say the writer has always opposed the present freight arrangement, but the solons who control matters, not being so closely in touch with the trade, did not see it in quite the same way. We think, however, that they are now coming to our way of thinking, and shall write you further in the course of a few days.

Yours truly,

CANADA PAPER CO., LIMITED,

F. J. Campbell, Manager.

## EXHIBIT P. 16.

CHATHAM, ONT., March 22nd, 1900.

MESSRS. JENKINS & HARDY,  
Mgrs. Canada Paper Association,  
Toronto.

DEAR SIRS,—I am much surprised to find in the arrangements of your petitions of delivery of paper, Chatham should have been omitted, when such points as Sarnia and Windsor have been allowed, when double the quantity of stock is consumed here each year than at either of the points mentioned.

I will be glad to know the reasons advanced (if any) why such a conclusion was arrived at, and cannot believe the Association is desirous of being a party to such a manifestly unjust act.

Yours truly,

S. STEPHENSON.

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## EXHIBIT P. 17.

TORONTO, March 22nd, 1900.

S. STEPHENSON, Esq.,  
*The Planet*,  
 Chatham, Ont.

DEAR SIR,—

*Re* Paper Makers' Association of Canada.

We beg to acknowledge receipt of your favour of the 22nd instant, which we will lay before the Association at its next meeting, when the matter will have due attention.

Yours truly,

JENKINS & HARDY,  
 Sec.-Treas.

## EXHIBIT P. 18.

MERRITTON, ONT., 10th July, 1900.

S. STEPHENSON, Esq.  
 Chatham, Ont.

DEAR SIR,—Our recent quotation for print paper was for car lots. If in less than car lots price would be 3c. f.o.b. Windsor, terms 3 months or 3 per cent 30 days.

Trusting that our figures are acceptable, and to be favoured with your contract,

Yours truly,

THE RIORDON PAPER MILLS, LTD.

T. J. Stephenson.

## EXHIBIT P. 19.

CHATHAM, ONT., July 12th, 1900.

T. J. STEVENSON, Esq.,  
 Riordon Paper Mills,  
 Merritton.

DEAR SIR,—I am just going west, but upon my return will find your answer awaiting me.

You say f.o.b. Windsor. Please explain if this means that you will allow me the same freight as if it was billed to Windsor, and that the paper will be consigned to this point, and if so please give me an approximate on a car. I have offers at the same as you quote from travellers, but I have not discussed the matter with other parties up to the present.

Yours very truly,

S. STEPHENSON.

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## EXHIBIT P. 20.

CHATHAM, ONT., July 19th, 1900.

T. J. STEVENSON, Esq.,  
 Riordon Paper Mills,  
 Merritton.

DEAR SIR,—I would simply look upon such a discrimination as dishonest, and I can only express my amazement that the manufacturers of paper would be parties in such small-minded legislation. Individually, I can only assume that you opposed the enforcement of such a measure, and I have yet to meet a single representative of any paper mill in Canada who does not ridicule the motion, and say: "Our hands are tied."

I would rather lose double the amount than to know that I had to submit to such a ruling. However, I suppose I must submit to the inevitable, and await my time until the tables are turned.

Yours truly,

S. STEPHENSON.

## EXHIBIT P. 21.

THE RIORDON PAPER MILLS, LIMITED,

MERRITTON, ONT., July 20th, 1900.

S. STEPHENSON, Esq.,  
*The Planet*,  
 Chatham.

DEAR SIR.—Your favour 19th inst is received. We quite agree with you that there should be no discrimination in freight. Some time ago we applied to have Chatham put on the delivery list, only on your account, as we sell no one but yourself in Chatham. We are personally taking up this matter and hope to report success. In the meantime we are unfortunately not in a position to allow any different freight.

Yours truly,

T. J. STEVENSON.

## EXHIBIT P. 22.

THE RIORDON PAPER MILLS, LIMITED,

MERRITTON, ONT., 17th August, 1900.

S. STEPHENSON, Esq.  
 Chatham, Ont.

DEAR SIR,—We are in receipt of your favour of 16th inst. The oversight on our part was in failing to advise you that we could not fill your order by shipping it to Windsor. We took steps to learn if this could be done and not violate existing freight arrangements. We found we could not do so and apparently did not so advise you, as we fully intended doing.

We can sell you in no other way than invoiced and as we are trying to have Chatham made a delivery town, trust you will appreciate our position in the matter.

Yours truly,

T. J. STEVENSON.

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**EXHIBIT P. 23.**

HULL, CANADA, November 22nd, 1898.

THE JOURNAL PRINTING Co., LIMITED,  
Ottawa, Ont.

DEAR SIRS,—This is to confirm the contract made between your good selves and us by your Mr. Robertson and our Mr. Hall this morning, whereby we sell and you agree to buy from us your full supply of No. 3 news in rolls for one year from this date (or if you prefer to the end of '99); we to take advertising space in *The Journal* to the extent and value of \$240 per year, that is \$20 per month, provided your purchases amount to 200 tons over the year. The two contracts, for paper and for space, to run concurrently.

If the foregoing is correct and acceptable to and accepted by you, please so advise us by return of mail when our advertising department will at once send you copy for advertisement to be inserted.

Yours truly,

THE E. B. EDDY COMPANY, LIMITED,

By W. H. ROWLEY.

**EXHIBIT P. 24.**

OTTAWA, ONT., Feb. 22nd, 1900.

Mr. ALBERT E. HALL,  
The E. B. Eddy Co.,  
Hull, Que.

DEAR MR. HALL,—With reference to your request for an increase of 10 per cent in the price of our paper supply:—

The undersigned has gone over the matter carefully with our Mr. Ross, and we see no occasion, nor have we any desire to look elsewhere for our paper. You were to call the last of the month or the 1st of March for our reply. We hope that if your firm cannot do better by us you will at least retard for a time the putting of the price into effect. When you have put it into effect, if you will call upon us with any agreement which you desire to have us sign for the year's contract we will sign it.

We are, yours very truly,

THE JOURNAL PRINTING CO., LIMITED,

per C. N. ROBERTSON.

**EXHIBIT P. 25.**

OTTAWA, ONT., March 7th, 1900.

Messrs. THE E. B. EDDY Co.,  
Hull, Que.

DEAR SIRS,—We have your favour of March 5th, and in connection with the conversation had with you yesterday we beg to enclose our business manager's statement as to the view he took of the offer of your Mr. Hall on Feb. 14th to contract for our year's supply of paper at 10 per cent advance, *i.e.*, \$2.23.

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You will readily understand that had we not been perfectly sure that the order was open to acceptance until after March 1st, we would have closed at the time. We can understand your position when you assure us that your arrangement with the Canadian Paper Makers' Association does not admit of your making contracts except at their rates. We trust that the fact that we accepted your offer in good faith, and that had it not been for your arrangement with the Paper Makers' Association you would have carried it out, and adding to this your often-expressed desire to give us every assistance, will permit of your giving us this price with the sanction of the Paper Makers' Association, or at any rate a substantial reduction on the present rates. We trust you (and they on the presentation of the case to them) will take the matter under favourable consideration. In the meantime we understand that, pending reference to the Paper Makers' Association, we have the option of a contract for a year at \$2.50 per hundred, dating from March 1st, subject to your usual trade and cash discount.

We are, yours very truly,

THE JOURNAL PRINTING CO., LIMITED,

per P. D. Ross, *Man. Dir.*

### EXHIBIT P. 26.

OTTAWA, March 7, 1900.

Statement of the *Journal's* business manager to the E. B. Eddy Company.

DEAR SIRS,—On or about Feb. 14th your Mr. Hall called upon us and stated that since our contract had expired it would be necessary to increase the price which we were paying for paper. When asked what the increase would be he stated 10 per cent. Upon expressing the hope that the Eddy Co. would give us time to look into the matter and give our answer, he stated that there was no desire to be urgent, and when it was suggested that he should call in two weeks, being the last day of February or the 1st of March, he agreed to it.

On going over the matter with our managing director, we arrived at the conclusion that no advantage could be derived by looking elsewhere, and that the increase was not an unreasonable one. Adding to this our pleasant relations with the Eddy Co., we concluded to accept the offer, which we did on the 22nd February. Much to our surprise, however, we were informed that the offer of your Mr. Hall was made subject to immediate acceptance. Your Mr. Hall said absolutely nothing about immediate acceptance, but on the contrary agreed to call in two weeks. We naturally presumed, as we think anyone else would under the circumstances, that he would call for our reply if not sooner received.

The above facts, added to the fact that had it not been for the agreement reached on the 20th Feb. by the Canadian Paper Makers' Association, would have resulted in our obtaining a contract at \$2.23, will surely entitle us to consideration at your hands.

CHAS. N. ROBERTSON.

### EXHIBIT P. 27.

HULL, CANADA, March 5th, 1900.

Messrs. THE JOURNAL PRINTING Co.,  
Ottawa,

DEAR SIRS, —Enclosed please find specifications for paper shipped you on the 20th instant, amounting to 5,006 and 4,964 lbs., for which we will send you invoice so soon as the price and terms fixed upon by the Canadian Paper Makers' Association hav



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been advised to us for this paper product, but you may be sure that not only will you have as low prices, but the best attention, as prompt delivery and the most favourable terms and discounts going, for we are, in this as in all other matters, always with pleasure at your service, and only regret that you did not take advantage of the opportunity offered on a rising market by contracting for your requirements over the year with

Yours truly,

THE E. B. EDDY COMPANY, LIMITED,

By W. H. ROWLEY.

**EXHIBIT P. 28.**

HULL, CANADA, March 10th, 1900.

Messrs. JOURNAL PRINTING Co.,  
Ottawa.

DEAR SIRS,—Enclosed please find invoice and specifications for shipment of roll news to you under date 28th February, 3rd, 6th and 9th inst., weighing in all 18,780 lbs., which, subject if you please to the approval of and confirmation by the Paper Makers' Association of Canada, or otherwise to necessary alteration and advance in price, we have invoiced at \$2.50, and beg leave to say that as the uniform quantity price for roll news as fixed by the C. P. M. A. is:

\$2.50 for carloads,

\$2.75 for 2 tons and up lots,

\$3.00 for less than two ton lots,

With an advance of 25c. per 100 for similar quantities of ream news and a further advance or extra charge for frames or any frames news we have invoiced you this lot at the min. price in effect for the maximum quantity, and if you please to confirmation of our action in this connection on your behalf, as stated above; and we have to add that if you are inclined to do so, we are ready to enter into a contract with you at current prices, although the market is steadily advancing, for your requirements over the year 1900, and to say that if you will name a day when we may call upon you, we will with pleasure do so, meanwhile remaining,

Yours truly,

THE E. B. EDDY COMPANY, LIMITED,

By W. H. ROWLEY.

P.S.—This will serve to confirm the conversation had with you, and to acknowledge your letter of the 7th.—W. H. R.

**EXHIBIT P. 29.**

OTTAWA, March 12, 1900.

Messrs. E. B. EDDY Co.,  
Hull, Que

DEAR SIRS,—We have yours of March 10th. We understand that you invoice at \$2.50 per 100 lbs., subject to the permission of the C.P.M.A., to deliver in wagon-load lots. Also that you are ready to enter into a contract with us at current prices for our year's supply. You also intimated in your conversation that the option to

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enter into this contract at present current rates would hold till after you got a decision from the C.P.M.A. as to delivery.

Please advise us if our understanding of the matter as above is correct. In this event we will be glad to have you inform us as soon as you have the decision of the C.P.M.A.

We are, yours very truly,

THE JOURNAL PRINTING CO., LIMITED.

per P. D. Ross.

### EXHIBIT P. 30.

HULL, CANADA, March 13th, 1900.

Messrs. JOURNAL PRINTING Co,  
Ottawa, Ont.

DEAR SIRs,—Answering your favour of the 12th instant, unless and until you hear from us to the contrary we are willing to continue to deliver paper to you as at present at the present carload price of \$2.50 per 100 lbs. on the distinct understanding, which we beg leave here to reiterate, that if the Canadian Paper Makers' Association rules contrary to this, you will take the paper from us in carload lots to obtain the carload price, or in 2 ton lots and up lots to obtain the 2 ton and up price, or in similar quantities at the then 2 ton price, your quantity wish shall be our pleasure in the matter.

If you wish to make a contract now for the next six months, say to 1st Sept., 1900, at \$2.50 less 3 per cent 30 days, we will conclude such at once, subject to Canadian Paper Makers' Association ruling as above, and at the end of the six months review and revise the contract and give you benefit of any decline that may rule, or charge you any advance that may then be in order.

Yours truly,

THE E. B. EDDY COMPANY, LIMITED,

By W. H. ROWLEY.

### EXHIBIT P. 31.

OTTAWA, March 14, 1900.

Messrs. THE E. B. EDDY Co., Ltd.,  
Hull, Que.

DEAR SIRs,—We have yours of the 13th, but it does not make clear to us the points we desire to be informed on. May we ask your reply to the following :—

1. Have we an option of making a contract with you for a year's supply at \$2.75 per 100 lbs. in wagon load lots, or \$2.50 in carload lots, delivered (less 3 per cent 30 days), and will this option hold good till after we hear from you the decision of the C.P.M.A. with reference to the question of delivery.

2. If the C.P.M.A. decides to permit wagon load delivery at \$2.50, will the amount delivered thus previous to their assent be \$2.50 ?

3. If they do not assent, and we contract for carload lot deliverery at \$2.50, will what has been delivered to date be at the carload lot rate of \$2.50 ?

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4. If we make a contract for a year with you at present or after we hear from you re C.P.M.A. and there is a decrease in price during the year, will we get the benefit of it?

5. When do you expect a decision from the C.P.M.A.?

We are, yours very truly,

THE JOURNAL PRINTING CO., LIMITED,

per P. D. RJSS.

**EXHIBIT P. 32.**

HULL, CANADA, 16th March, 1900.

THE JOURNAL PRINTING Co. OF OTTAWA, Limited,  
Ottawa, Ont.

DEAR SIRs,—The reply to your letter of the 14th inst. will if you please be delayed until the return of our managing director, who is at present attending a special meeting of the Paper Makers' Association.

Yours truly,

THE E. B. EDDY COMPANY, LIMITED,

By W. H. ROWLEY.

**EXHIBIT P. 33.**

OTTAWA, March 23rd, 1900.

Messrs. THE E. B. EDDY Co.,  
Hull, Que.

DEAR SIRs,—In reply to yours of March 2nd, we beg to state that the *Journal* does not intend to make arrangements to get its paper from other than the E. B. Eddy Co., pending your reply to our last letter. This reply we would, of course, like to have as soon as you are in a position to let us have it in a favourable manner, *i.e.*, after the C.P.M.A. has sanctioned the wagon load delivery clause.

We are, yours very truly,

THE JOURNAL PRINTING CO., LIMITED,

per C. N. R.

**EXHIBIT P. 34.**

OTTAWA, ONT., April 12th, 1900.

Messrs. THE E. B. EDDY Co.,  
Hull, Que.

DEAR SIRs,—If agreeable to you we will close a contract with you for twelve months from date for our supply of number three news, price two dollars and fifty cents per hundred pounds, less 3 per cent for 30 day draft. We will have pleasure in acknowledging your acceptance.

We are, yours truly,

THE JOURNAL PRINTING CO., LIMITED.

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**EXHIBIT P. 35.**

HULL, CANADA, 13th April, 1900.

THE JOURNAL PRINTING Co., Limited.  
Ottawa, Ont.

DEAR SIRs.—We are in receipt of your proposal for contract for full supply of No. 3 news of the 12th inst., through our Mr. Lumley, and have pleasure in acknowledging the acceptance of the contract at prices and terms named by you therein.

Yours truly,

THE E. B. EDDY CO., LIMITED,

By CUSHMAN.

**EXHIBIT P. 36.****THE JOURNAL.**

OTTAWA, ONT., April 30th, 1900.

Messrs. J. FORD & Co.,  
Portneuf, Que.

DEAR SIRs,—In conformity with the conversation held with your Mr. Ford, will you please book our order for a carload of No. 3 News, to be 38½ inches wide, and of a weight such that 100 papers of this width and 23½ inches in length (2 sheets) may be obtained out of 13½ pounds.

We will ask you to be so good as to send us on this order, as soon as possible, about a dozen rolls, in order that we may try the paper. If we find it satisfactory we will ask you to send on the balance, and it will be understood between us that should we desire, we may have the privilege of entering into a contract with you for our year's supply of 38½-inch paper, the price to be \$2.50 per 100 pounds f.o.b. Ottawa, less 3 per cent for 30 days' draft, and this price will also apply to the lot ordered above; the paper in style and finish to approach that given your Mr. Ford.

We are, yours truly,

THE JOURNAL PRINTING CO., LIMITED,

Accepted for Joseph Ford &amp; Co.

**EXHIBIT P. 37.****CONSTITUTION AND BY-LAWS OF THE PAPER TRADE ASSOCIATION OF CANADA.****CONSTITUTION.**

1. This Association shall be called the Paper Trade Association of Canada.
2. This Association shall consist of all paper, or straw or wood board or paper bag makers and wholesale dealers in paper, paper bags and straw and wood board in the Dominion of Canada who shall subscribe to the constitution and by-laws of this Association.

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3. The objects of this Association shall be to foster all matters for the benefit of the members of the Association, and to protect them from all unjust and unlawful exactions, to reform abuses in the paper trade, to produce uniformity and certainty in the customs and usages of the trade, and to promote a more enlarged and friendly intercourse among the members of the Association.

4. The Association shall be divided into four divisions, the first comprising the news, book and fine writing makers; the second comprising the manilla, brown and rag wrapping makers; the third comprising the straw, tea, straw and wood board makers, with the makers of all other grades not above specified; the fourth comprising the paper bag makers and the dealers. Each division shall elect from among themselves a committee of three, who shall manage the business connected with their respective divisions. The member of the committee receiving the highest number of votes shall be chairman of the committee. In case of an equality of votes the members of the committee shall elect their own chairman. The President and Secretary of the Association shall be ex-officio members of all the division committees.

5. The affairs of the Association shall be managed by an executive committee, consisting of the President, Vice-President, Secretary and Treasurer of the Association, and four directors to be elected as follows: The President, Vice-President, Secretary and Treasurer shall be elected by a general vote of the members of the Association. The directors shall be the respective chairmen of the respective division committees of the Association. The members of the committee shall hold office for one year, or until their successors are elected.

6. The annual meeting of the Association shall be held on the second Tuesday of September in each year, alternately in the cities of Toronto and Montreal. At such meeting the officers of the Association and the four divisional committees shall be elected by vote, by ballot, of the members present, in person or by proxy. Ten days previous notice of the meeting shall be given by notice mailed to the respective addresses of the members as entered in the books of the Association.

7. If from any cause the annual meeting shall not be held on the above day, the Association shall not be thereby dissolved, but the annual election of the officers and committees may be held at a special general meeting to be called for that purpose.

8. At all meetings of the Association each person, firm or corporation shall be entitled to one representative and one vote.

9. This constitution may be altered or amended at any annual meeting, or any special general meeting called for that purpose by a vote of two-thirds of the members present in person or by proxy. Thirty days notice of all proposed amendments shall be given by the secretary to the members.

10. Special meetings of the Association may be called at any time by the executive committee giving not less than 10 days' notice of the same, and on the application in writing of any two of the committees of the divisions to the executive committee such special meeting shall be called.

## BY-LAWS.

## MEMBERSHIP.

1. Any person, firm or corporation in the Dominion of Canada, of good standing, doing business as paper or straw or wood board or paper bag makers, or wholesale dealers in paper, paper bags or straw or wood boards, shall be eligible for membership.

All applications for membership shall be in writing, signed by the applicant, and upon receipt of the same by the Secretary, endorsed by two members of the Association as nominator and seconder, and upon the applicant signing the constitution and by-laws he shall become a member of the Association.

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## PRESIDENT.

2. The President shall preside at all meetings of the Association and of the executive committee, appoint all committees not otherwise provided for, and shall be *ex-officio* a member of all committees. He shall, with the Treasurer, sign all cheques and all official documents of the Association. He shall also have a general oversight of the interests and welfare of the Association.

He shall have power to suspend all salaried officers and to temporarily employ others in their stead, but in every such case he shall at once call a special meeting of the executive committee and submit the matter to them for final decision.

He shall have the power to call meetings of the executive committee at any time, and shall call special meetings upon the written request of two members of the executive committee.

At all meetings of the Association or of the executive committee he shall, in addition to his vote as a member, have, in case of a tie, a casting vote.

## VICE-PRESIDENT.

3. In case of the absence of the President the Vice-President shall fulfil his duties, and in case of the death of the President during his term of office, the Vice-President shall be President until the next annual meeting of officers.

## SECRETARY.

4. The Secretary shall be *ex-officio* a member of all committees. He shall conduct all the correspondence of the Association, and notify all officers and members of committees of the meeting of their respective committees. Give due notice of all meetings of the Association. Keep true records and minutes of all meetings of the Association and of the respective committees. Have custody of the seal of the Association, and affix the same to all official documents of the Association. He shall have the custody of all papers, books and documents of the Association. He shall collect all dues and assessments and all other moneys of the Association, and hand the same over to the Treasurer at least once in each week. He shall countersign all cheques of the Association, and perform such other duties as shall be directed by the Executive Committee.

## TREASURER.

5. The Treasurer shall receive from the Secretary all moneys of the association. He shall disburse all moneys upon the order of the Executive Committee. All payments above the sum of \$5 each shall be made by cheque, signed by the President and Treasurer, and countersigned by the Secretary, and so soon as the moneys in his hands amount to the sum of \$100 he shall deposit the same in a chartered bank (to be named by the Executive Committee) to the credit of the Association. He shall keep regular and permanent accounts of all moneys received and disbursed. He shall render an account to the Executive Committee whenever required so to do, and at the expiration of his term of office shall give an accurate statement and deliver to his successor all funds, books, papers and other property of the Association in his possession.

## CHAIRMAN OF DIVISIONAL COMMITTEES.

6. The Chairman of the Divisional Committees shall preside at the respective meetings of their respective committees. They shall have a general oversight over the interests and business of their respective committee divisions, and shall promote the same by all means in their power, and they shall, in case of a tie, have a casting vote

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in addition to their vote as a member of the said committee. They may call meetings of their respective committees when they see fit, and shall call a special meeting thereof upon the written request of two members of the committee.

## MEETINGS.

7. At a meeting of this Association seven members shall constitute a quorum. At a meeting of the Executive Committee four members shall constitute a quorum, and at a meeting of a Divisional Committee three members shall constitute a quorum. No business shall be transacted unless a quorum be present. The order of business at all meetings shall be as follows :—

1. Calling the roll.
2. Reading and confirming minutes of previous meeting.
3. Report on Credentials.
4. Report of Officers.
5. Report of Standing Committees.
6. Report of Special Committees.
7. Elections.
8. Unfinished business.
9. New business.

## DUES.

8. The annual dues for each person, firm or corporation shall be \$10, payable in advance. Members joining after the expiration of the first six months of the year shall pay \$5 for the balance of the then current year.

The Executive Committee shall have power to assess for such further sum as may be actually required for the general purposes of the Association. The Divisional Committee shall have power to assess the members of their respective divisions for such amounts as may be actually required for the benefit of the division.

## EXPULSION OF MEMBERS.

9. The Association shall have power to expel any member, upon a resolution to that effect being passed by a two-third majority of the members present in person, or by proxy, at any general meeting of the Association, or at any special meeting called for that purpose. *Provided*, that at least ten days prior to the meeting a notice signed by the President or Secretary, stating that a motion for expulsion will be moved, and specifying the day, hour and place of meeting, shall have been mailed, prepaid and registered, to the address of the member in respect of whose expulsion the motion will be made as given in the books of the Association.

## SEAL.

10. The seal, the imprint of which is stamped upon the margin of this by-law, shall be the seal of this Association.

## AUDITORS.

11. The Executive Committee shall in each year appoint two auditors who shall duly audit the books and accounts of the Association at such times as the Executive Committee may direct.

## PROXY.

12. Any member of this Association may appoint another member to act as his proxy for all meetings, or any special meeting of the Association.

## AMENDMENT AND SUSPENSION OF BY-LAWS.

13. The by-laws of the Association may be amended at any regular or special meeting called for that purpose of the Association, and a vote of two-thirds of the members present in person or by proxy.

Amendments must be sent in, in writing, to the Executive Committee, and by them reported to the Association, and notices that they will be acted on must be included in the notice of said meeting.

Any by-law may be suspended for one meeting by the votes of two-thirds of the members present in person or by proxy.

## EXHIBIT P. 38.

## PAPER MAKERS' ASSOCIATION OF CANADA.

## LIST OF DEPOSITS.

Wm. Barber & Bros. ....	\$500 00
Canada Paper Co.. ....	500 00
Dominion Paper Co. ....	500 00
E. B. Eddy Co. ....	500 00
Lincoln Paper Mills Co. ....	500 00
A. McArthur & Co. ....	500 00
Riordon Paper Mills, Limited ....	500 00
Rolland Paper Co. ....	200 00
St. Croix Paper Co. ....	500 00
J. C. Wilson & Co. ....	500 00
Consolidated Pulp and Paper Co. ....	500 00
J. Ford & Co. ....	500 00
	\$5,700.00

## EXHIBIT P. 39.

## INTERNATIONAL PAPER COMPANY,

NEW YORK, May 11th, 1900.

Mr. TARTE,  
 Publisher *La Patrie*,  
 Montreal, Canada.

DEAR SIR,—We have a note from Herman Ridder, Esq., of this city, asking us to quote you direct for your requirements in 34-inch rolls.

We are in receipt of a communication of the Laurentide Company saying that they have arranged to furnish you.

Assuming that this is correct, we conclude a quotation to be unnecessary.

Very respectfully,

FREMONT W. SPICER.



**EXHIBIT P. 40.**

Contract made this the 7th day of May, 1900, between the Laurentide Pulp Company of Grande Mere, Que., and Louis J. Tarte, for the *La Patrie* Pub. Company of Montreal, Que., as follows :—

The Pulp Company agree to furnish *La Patrie* with their entire requirements of No. 3 printing paper, in rolls, from this date until the first of August, 1901. Quantity required being about 40 tons per month, more or less, according to the requirements of the user. Price 2½ cents per pound, delivered to user's office in Montreal. Terms, cash on delivery. Subject to the following conditions agreed upon by the buyer and seller :—

First.—The gross weight of reels, including strings, wrapper and cores, to be charged for in invoice. Cores when thoroughly stripped from all waste to be credited back by actual weight when returned.

Second.—If the total actual weight or yardage does not vary by more than 5 per cent either above or below the ordered weight or length, the order is duly executed, and no claim can be allowed. A claim will only be allowed for the amount of any excess over and above such five per cent.

Third.—Payment according to the yield of saleable copies cannot be claimed by the purchaser or entertained by the seller, and no allowance can be made for paper left on spools.

Fourth.—Claims for damaged paper cannot be entertained by the seller unless the goods are signed for as damaged, and the seller immediately advised. Such damaged paper to be kept for the disposal of the seller.

Fifth.—Deliveries may be suspended pending any contingencies beyond the control of the buyers and sellers (such as drought, war, flood, impediment of navigation by ice, strikes, lock-outs, or the like) also by accidents or partial fire during such time as may be required to make good the damage, but in the case of the works of either the buyer or seller being totally destroyed by fire, this contract to be null and void. In case of suspension, the buyer and seller may claim the same rate of delivery as previously agreed, commencing after the period assigned to this contract, if such claim be made within a month after due notice of the accident has been given.

Sixth.—Each delivery under this contract shall be considered as a separate contract, and in the event of the buyer failing to adhere to the terms of payment the seller, after giving two weeks notice in writing, shall be at liberty to cancel all, or any portion of the remaining deliveries or sell against buyer's account for full amount remaining quantity due on contract.

Seventh.—Any dispute arising out of this contract, with respect either to its construction or execution, shall be referred to arbitration in the usual manner, and the arbitrators shall have power to determine by whom the cost of the reference and award shall be borne. If either party shall fail to appoint an arbitrator within twenty-one days after notice in writing requiring him to do so, the arbitrator appointed by the other party may act as sole arbitrator. Each arbitrator named under this section shall be a resident of the Dominion of Canada, and willing and able to act as such.

Signed,

LAURENTIDE PULP COMPANY,

RUSSELL ALGER, Jr.,  
Manager.

## EXHIBIT P. 41.

MONTREAL, CANADA, July 10, 1899.

Messrs. *La Patrie* Printing Co.,  
City.

DEAR SIRs,—Replying to your letter of 7th instant which refers to the renewal of our present contract with you for the supply of your news print in rolls for the publication of *La Patrie* and *Le Cultivateur*,—

We beg leave to say that from and after the 13th of July, 1899, and for the space and term of one year from that date, we agree to furnish you with all the paper necessary for the publication of *La Patrie* and *Le Cultivateur* at the price agreed upon between you and Mr. Eddy at the interview which took place on Friday last, the 7th instant, viz.: \$2.05 per hundred pounds, all white waste to be returned and allowed for at contract price. The terms of payment to be 3 per cent off 30 days, or four months, your option.

It is furthermore understood that the present advertising contract shall continue and run concurrently with this new contract, and for the same amount as at present in force, viz.: \$600 for *La Patrie* and \$90 for the *Le Cultivateur*, to be expended during the term of the news paper contract, and to be paid for quarterly as at present.

Your acceptance of this letter, which is signed in duplicate, shall be considered of the same force and effect as a notarial contract.

THE E. B. EDDY COMPANY, LIMITED,

JNO. A. HARDISTY.

EXHIBITS FILED BY THE PAPER MANUFACTURERS.

EXHIBIT D. 1.

WM. BARBER & BROTHERS, GEORGETOWN.

May 1st, 1898.

COST OF MAKING ROLL NEWS.

Ground wood, \$18 per ton, 75 lbs. ....	\$0 67½
Sulphite, \$34 per ton, 25 lbs. ....	0 42½
Clay, \$10 per ton, 12 lbs. . . . .	0 06
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Material for 100 lbs. paper. . . . .	1 16
Coal, \$3.10 per ton.	
Wages. . . . .	0 20
Coal. . . . .	0 15.
Cartage. . . . .	0 02¾
Freight to Toronto. . . . .	0 10¼
Supt. and office. . . . .	0 10
Felts. . . . .	0 03
Wires. . . . .	0 02
Repairs. . . . .	0 05
Oil and light . . . . .	0 03
General expense account. . . . .	0 07
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Cost of making 100 lbs. roll news. . . . .	\$1 94
Selling price in Toronto, \$2.40, less 3 per cent. . . . .	\$2 33
Profit. . . . .	0 39
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	\$2 33

WM. BARBER & BROTHERS, GEORGETOWN.

May 1st, 1899.

COST OF MAKING ROLL NEWS.

Ground wood, \$17 per ton, 75 lbs. . . . .	\$0 63¾
Sulphite, \$34 per ton, 25 lbs. . . . .	0 42½
Clay, \$10 per ton, 12 lbs. . . . .	0 06
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Cost of materials for 100 lbs. paper . . . . .	\$1 12¼
Wages. . . . .	0 20
Coal. . . . .	0 15
Cartage. . . . .	0 02¾
Freight. . . . .	0 10¼
Supt. and office. . . . .	0 10
Felts. . . . .	0 03
Wires. . . . .	0 02
Oil and light . . . . .	0 03
Repairs. . . . .	0 05
General expense account . . . . .	0 07
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Cost of making 100 lbs. paper . . . . .	\$1 90¼
Selling price in Toronto, \$2.10, less 3 per cent. . . . .	\$2 03¾
Profit. . . . .	0 13½
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	\$2 03¾

## WM. BARBER &amp; BROTHERS, GEORGETOWN.

May 1st, 1900.

## COST OF MAKING ROLL NEWS.

Ground wood, \$23.50 per ton, 75 lbs. ....	\$0 88
Sulphite, \$42 per ton, 25 lbs. ....	0 52½
Clay, \$10 per ton, 12 lbs. . . . .	0 06
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Material for 100 lbs. paper . . . . .	\$1 46½
Wages per 100. . . . .	0 20
Coal. . . . .	0 20
Cartage. . . . .	0 02¾
Freight . . . . .	0 10¼
Supt. and office. . . . .	0 10
Felts. . . . .	0 04
Wires. . . . .	0 03
Oil and light . . . . .	0 03
Repairs. . . . .	0 05
General expense account . . . . .	0 08
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Cost of 100 lbs. paper in Toronto . . . . .	\$2 32½
Selling price in Toronto, \$2.50, less 3 per cent. . . . .	\$2 42½
Profit. . . . .	0 10
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	\$2 42½

## WM. BARBER &amp; BROTHERS, GEORGETOWN.

May 1st, 1901.

## COST OF MAKING ROLL NEWS.

Ground wood, \$21 per ton net, 75 lbs. ....	\$0 78¾
Sulphite, \$36 per ton net, 25 lbs. ....	0 45
Clay, \$11 per ton net, 12 lbs. ....	0 06½
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Material to make 100 lbs. paper . . . . .	\$1 30¼
Wages per 100. . . . .	0 20
Coal. . . . .	0 18
Cartage. . . . .	0 02¾
Freight. . . . .	0 10¼
Supt. and office. . . . .	0 10
Felts. . . . .	0 04
Wires. . . . .	0 03¾
Oil and light . . . . .	0 03
Repairs. . . . .	0 05
General expense account . . . . .	0 08
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Cost of making 100 lbs. paper . . . . .	\$2 15
Selling price in Toronto, \$2.37½, less 3 per cent. . . . .	\$2 30
Profit. . . . .	0 15
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	\$2 30

## EXHIBIT D. 2.

## PRICES AND TERMS PRINTS AND MANILLAS.

MONTREAL, September 22nd, 1892.

We, the following members of the Paper Makers' Association of Canada in meeting at this date have agreed upon the following basis as minimum selling prices for the several grades of paper referred to, which prices are to go into operation from this date, provided the Dominion Paper Company also agree to same.

- \*3 print in rolls, carloads,  $3\frac{1}{2}$  cts. per lb. (three and a half cts.)
- 3 " " less than carloads,  $3\frac{3}{4}$  cts. per lb. (three and three-quarter cts.)
- 3 print in sheets, carloads,  $3\frac{3}{4}$  cts. per lb. (three and three-quarter cts.)
- 3 " " less than carloads,  $4\frac{1}{4}$  cts. per lb. (four and one-quarter cts.)

Terms same as heretofore agreed upon, 4 months, or 3 per cent cash 30 days.

Carloads to be minimum 10 tons, and carload orders to be given in one order, delivery to be taken inside of four months.

U. B. Manilla (natural colour) less than carloads,  $4\frac{3}{4}$  cts. per lb. (four and three quarter cts.).

U. B. Manilla, carloads,  $4\frac{1}{2}$  cts. per lb. (four and a half.).

Bleached Manilla, (canary colour), less than carloads,  $5\frac{1}{2}$  cts. per lb. (five and a half cts.).

Bleached Manilla, (canary colour), carloads, 5 cts. per lb. (five cts.).

Terms on Manilla paper, 4 mos. or 3 per cent 30 days, on small lots, 5 per cent, 30 days, if necessary.

JOHN MACFARLANE, CANADA PAPER COMPANY.

WM. BARBER & BROS.

GEO. E. CHALLES, FOR NAPANEE PAPER COMPANY.

FRANK FRIPP, FOR THE FRANKLIN PAPER COMPANY.

JAMES THOMPSON, PER C. W. THOMPSON.

THE E. B. EDDY COMPANY, BY W. H. ROWLEY.

ALEX. BUNTIN & SON.

ALEX. McARTHUR & CO.

J. LEDUC, MONTREAL PAPER MILL.

ROYAL PULP AND PAPER CO., WM. ANGUS, V. P.

LA CIE. PAPIER ROLLAND, PER J. B. ROLLAND ET FILS.

J. C. WILSON & CO.

W. & F. P. CURRIE & CO., DOMINION PAPER COMPANY.

THE TORONTO PAPER MFG. CO., JOHN R. BARBER, PRESIDENT.

TAYLOR BROTHERS.

RIORDON PAPER MILLS, LTD., C. RIORDON, PRESIDENT.

JOSEPH FORD & CO.

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\*Amended at meeting, February 7, 1893, reducing minimum price No. 3, to  $3\frac{3}{4}$  cts. to buyers of 30 tons per month or over.

**EXHIBIT D. 3.**

## LINCOLN PAPER MILLS COMPANY.

Month.	Cost of Sulphite per ton.	Cost of Ground Wood per ton.	Average Cost per ton.
1899.			
January .....	32 00	17 00	Sulphite, \$33.16. Ground wood, \$16.58.
February .....	32 00	17 00	
March .....	32 00	17 00	
April .....	32 00	17 00	
May .....	32 00	17 00	
June .....	32 00	17 00	
July .....	32 00	17 00	
August .....	32 00	12 00	
September .....	32 00	12 00	
October .....	36 00	18 00	
November .....	36 00	18 00	
December .....	38 00	18 00	
1900.			
January .....	40 00	21 00	Sulphite, \$38.16. Ground wood, \$24.16.
February .....	42 00	21 00	
March .....	42 00	26 00	
April .....	42 00	22 00	
May .....	40 00	25 00	
June .....	36 05	25 00	
July .....	36 00	25 00	
August .....	36 00	25 00	
September .....	36 00	25 00	
October .....	36 00	25 00	
November .....	36 00	25 00	
December .....	36 00	25 00	
1901.			
January .....	35 00	24 00	Sulphite, \$35.00. Ground wood, \$24.00.
February .....	35 00	24 00	
March .....	35 00	24 00	
April .....	35 00	24 00	

**EXHIBIT D. 4.**

Copy of *Toronto Globe*, of date 15th July, 1901.

**EXHIBIT D. 5.**

Copy of *Toronto Star*, of date 15th July, 1901.

**EXHIBIT D. 6.**

Copy of *New York Herald*, of date 16th July, 1901.